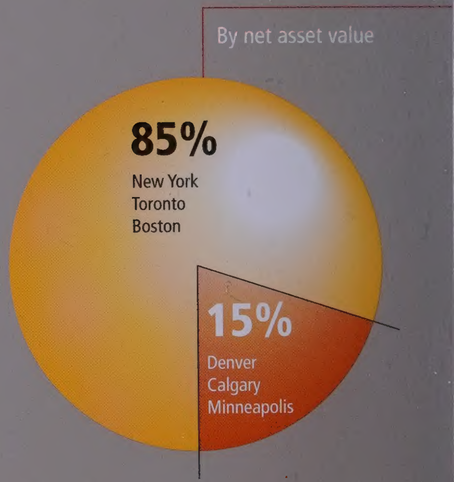
ANNUAL REPORT 2000

INVESTMENT IN QUALITY

BROOKFIELD

OUR FOCUS

Brookfield Properties Corporation owns, develops and manages premier North American office properties. Brookfield also operates real estate service businesses in order to provide leading services to tenants and develops master-planned residential communities.



Brookfield's office portfolio spans 60 properties totaling over 46 million square feet. Brookfield also has 120 million square feet of space under management in its service businesses and owns 60,000 master-planned residential building lots.

60
PREMIER PROPERTIES

The Brookfield team is committed to building shareholder value by investing in premier quality assets and intensively managing each of its operations to increase cashflows and maximize return on capital.

46 million
SQUARE FEET

1
COMPELLING CHOICE

NEW YORK

Properties: 8
Square Ft.: 14 million
Occupancy: 100%

Brookfield is one of the largest landlords in Manhattan and owns and manages over 15% of the Class A office space in the downtown market. Brookfield's development sites in New York include 300 Madison Avenue being developed for a major financial institution.

The cornerstone of the Manhattan portfolio is the 7.5 million square foot World Financial Center, one of the highest quality and most technologically advanced office property complexes in the world.

TORONTO

Properties: 17
Square Ft.: 11 million
Occupancy: 99%

Brookfield owns and manages 15% of the Class A office space in downtown Toronto. Brookfield also controls two premier development sites in downtown Toronto, including the recently acquired Bay-Adelaide property.

The flagship of the Toronto portfolio is BCE Place, which is regarded as the premier office property complex in Canada.

BOSTON

Properties: 2
Square Ft.: 2 million
Occupancy: 100%

Brookfield's Boston portfolio includes two premier office properties totaling over 2 million square feet which represents 7% of the downtown Class A office space.

Brookfield's 53 State Street and 75 State Street properties are adjacent to each other on the corner of State and Congress Streets in the heart of Boston's financial district.

SERVICE BUSINESSES

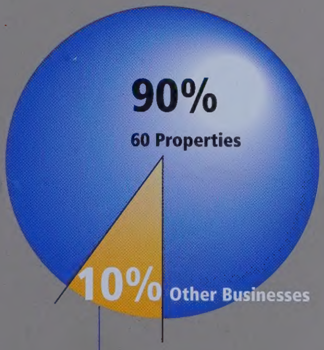
Brookfield provides leading services to the thousands of tenants located in its properties through:

- Strategic partnerships with leading providers of telecommunication and office service technologies
- Introduction of new services and flexible office space platforms for tenants
- Management of facilities for larger space users
- Participation in industry consortiums to leverage scale and aggregate demand

DEVELOPMENT OPPORTUNITIES

Brookfield has a significant strategic advantage, with development capacity in New York and Toronto, two supply-constrained office markets.

	Square Feet
New York	
300 Madison	1,200,000
Penn Station	2,500,000
Toronto	
Bay-Adelaide Centre	1,800,000
BCE Place III	800,000
Denver	400,000
	6,700,000



By net asset value

FINANCIAL HIGHLIGHTS

(US Millions, except per share information)	2000	1999	1998	1997	1996
Results of operations					
Property net operating income	$ 611	$ 569	$ 506	$ 346	$ 174
Cashflow from operations	$ 318	$ 259	$ 197	$ 110	$ 26
Net income	$ 170	$ 153	$ 129	$ 73	$ 7
Financial position					
Total assets	$ 8,624	$ 8,068	$ 7,717	$ 6,311	$ 4,556
Capital base	$ 2,603	$ 2,567	$ 2,422	$ 2,202	$ 671
Fully diluted common shareholders' equity	$ 1,897	$ 1,681	$ 1,589	$ 1,468	$ 281
Per fully diluted common share					
Cashflow from operations	$ 1.86	$ 1.51	$ 1.13	$ 0.78	$ 0.03
Net income	$ 0.94	$ 0.85	$ 0.70	$ 0.46	$ (0.26)
Dividends	$ 0.25	$ 0.21	$ 0.16	$ 0.07	$ —
Book value	$ 11.34	$ 10.49	$ 9.97	$ 9.42	$ 5.47
Closing market price	$ 17.63	$ 10.50	$ 12.09	$ 16.68	$ 8.64

A RECORD YEAR IN LEASING: OVER 5 MILLION SQUARE FEET

	Square Feet
Lehman Brothers	600,000
JP Morgan Chase	560,000
Goldman Sachs	360,000
Nasdaq	270,000
Bear Stearns	200,000
Enbridge	160,000
Bell Intrigna	140,000
Other	2,952,000
	5,242,000

CASHFLOW PER SHARE

At Brookfield, our goal is to earn a 20% total return on equity with moderate risk of your capital. Our strategic focus on investing in

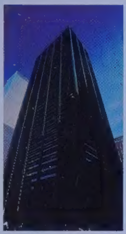
PERFORMANCE DRIVEN

premier quality office assets in select markets is continuing to deliver solid financial performance and industry leadership.

FOCUS ON VALUE

Creating shareholder value is our only objective. Our success is measured each and every day in how we increase the returns from our $8 billion portfolio of premier assets. We are relentless in our approach to managing the assets with which we have been entrusted. Simply stated, our strategy for delivering value is to acquire premier properties, apply proactive leasing and asset strategies in order to reduce risk and maximize cashflows, and then seek partnerships for our assets with institutions who have different risk-reward parameters for investment.

1 Liberty Plaza, New York



- Acquired the property in 1996, with $38 million of net operating income and 20% vacancy
- Leased the property to 100% occupancy by 1998 and increased net operating income to $50 million
- Refinanced the property for $275 million in late 1998
- In 1999 and 2000, re-acquired 800,000 square feet through early lease terminations, reducing occupancy to 65% and received $30 million in lease termination payments
- In 2000, signed two major new tenants to 20-year leases – Goldman Sachs and Nasdaq – bringing occupancy to 100%
- In 2000, increased net operating income to $60 million and extended lease duration to over 11 years
- In early 2001, refinanced the property with a $432 million, 10-year, 6.75% mortgage – greater than our original investment
- Four-year result: created over $300 million+ of value from an original equity investment of $150 million

Internal Rate of Return of 36% over four years

245 Park Avenue, New York

- Acquired the property in 1996 with the Bear Stearns lease of 800,000 square feet coming due in 2003
- Leased 485,000 square feet between 1997 and 1999
- Upgraded elevators, renovated ground level lobby and repositioned retail component of the complex
- In December 2000, eliminated leasing uncertainty by pre-leasing 2003 lease expiries to JP Morgan Chase and Bear Stearns with 20-year terms
- In early 2001, refinanced with $500 million debt, withdrawing $225 million of capital for reinvestment in other properties
- Four-year result: created over $400 million+ of value on original equity investment of $200 million

Internal Rate of Return of 30% over four years

Fifth Avenue Place, Calgary

- Acquired 100% of 1.7 million square foot Fifth Avenue Place in 1996 with 20% vacancy
- Leased property to 100% occupancy in 1997
- Financed property at 80% of total acquisition cost in 1998
- Re-leased approximately 500,000 square feet of space in 1999 and 2000, adding over C$3 per square foot to net rents
- Refinancing the property in early 2001 at greater than the original acquisition cost
- Five-year result: created over C$130 million+ of value on original equity investment of C$30 million

Internal Rate of Return of 48% over five years

Exchange Tower, Toronto

- Acquired 100% of the property in 1997 with 15% vacancy
- Leased to 98% occupancy in 1998, including a 20-year lease with The Toronto Stock Exchange and other high quality tenants, including National Bank and Altamira Mutual Funds
- Refinanced for C$140 million in 1999 with an investment grade, fixed rate, 10-year mortgage; 100% of the acquisition cost in 1997
- Added new food court retail area in former storage space and remerchandised retail areas
- Four-year result: created over C$140 million+ of value on an original equity investment of C$65 million

Internal Rate of Return of 37% over four years

LOOKING AHEAD

Investment in Quality. It is the foundation of our success and our commitment to you. This year has been a tremendous one, marked by significant achievements across our portfolio. Our investment in premier quality delivered record financial

performance and increased shareholder value, setting the stage for continued growth.

Dear shareholders,

We are proud to be able to share with you the operational and financial achievements for 2000 and our strategy for building on the success we have attained to date. We are confident that our focus on owning, developing and proactively managing our premier office properties in select North American markets, differentiates Brookfield as an *investment in quality*, for now and for the future. We will remain focused on what we do best in order to continue to generate high risk-adjusted returns from our assets.

Our track record

While not alone, Brookfield has achieved an enviable record of cashflow growth – the primary measure of success in commercial real estate.

During 2000, Brookfield recorded a 23% increase in cashflow per fully diluted share, representing $0.35 per share over 1999.

In addition, our shareholders were rewarded with an appreciable increase in the share price of the company. While we have little control over the capital markets, we remain optimistic that our value enhancing initiatives will, over the long term, continue to be recognized through share price appreciation.

During 2000, Brookfield took advantage of the robust economy and the continued strength of demand and severe supply constraints in our core downtown office markets to enhance our premier portfolio, lock-in long-term leases at escalating rental rates and complete a number of value enhancing capital initiatives.

Of particular note was the success of Brookfield's leasing teams, which through proactive management of the portfolio, leased over 5 million square feet this year – 3.2 million square feet more than was contractually due – and increased the average length of our lease term to ten years, the longest, we believe, of any public company in the industry.

The success of our New York team is a prime example of our strategy in action. During 2000, we aggressively leased approximately 20% of our New York portfolio, close to 2 million square feet, on 20-year escalating leases with some of the best credit tenants in the world – JP Morgan Chase, Goldman Sachs, Bear Stearns, Lehman Brothers and Nasdaq, among others.

As we move into 2001, we do so with confidence in our ability to maintain our record of financial performance, and meet our objective of greater than 15% growth in cashflow per share.

Creating value for shareholders

Creating value for our shareholders drives every business decision we make, and this year, through innovative partnerships, acquisitions and opportunistic capital initiatives, we were successful in generating incremental streams of income and laying the foundation for continued growth.

One of the more exciting events this year was the acquisition of *a development site in midtown Manhattan* which we are building for the US headquarters of a major financial institution. Located at Madison Avenue and 42nd Street, adjacent to the major transportation hub Grand Central Station, this 1.2 million square foot office tower will be completed in 2003. Already one of the major landlords in this supply-constrained city, the 300 Madison Avenue development, in conjunction with our Penn Station development site and other development opportunities at the World

From left to right:
Gordon E. Arnell – Chairman; Kieran F. Mulroy – Senior Vice President and General Counsel; Karen H. Weaver – Senior Vice President, Canadian Operations; and Steven J. Douglas – Senior Vice President and CFO

David D. Arthur – President and Chief Executive, Canada; J. Bruce Flatt – President and CEO; Ian G. Cockwell – Chairman and CEO, Residential; and Richard B. Clark – President and Chief Executive, United States

A YEAR OF SIGNIFICANT ACHIEVEMENTS

Development in Manhattan

Acquired a premier development site in the heart of Manhattan for the construction of a 1.2 million square foot office tower for a major financial institution.

Streamlined operations

Simplified the organizational structure and streamlined operations by tendering for the outstanding shares of our two remaining public affiliates, an investment of approximately $120 million.

Growth in Calgary

Acquired three office properties including the landmark Bankers Hall complex in Calgary, for C$444 million, solidifying Brookfield's position as the leading landlord of premier office properties in Calgary.

Strategic partnerships

Sold a 49% interest in two Boston office properties, 53 and 75 State Street, to Deutsche Bank Realty Advisors, for a total cash value of $340 million, a 30% increase in equity invested in 1999.

Service initiatives

Joined 12 of North America's leading office property companies in the formation of an office technology consortium to leverage technologies in order to improve business processes, drive tenant value and develop new industry service standards.

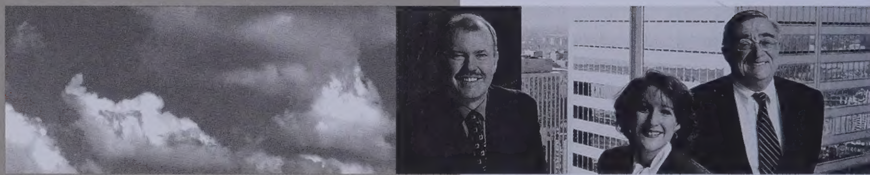
Secured key tenants

Forward-leased a 2003 vacancy at 245 Park Avenue with the signing of JP Morgan Chase and Bear Stearns to approximately 800,000 square feet of space, paving the way for a $500 million refinancing of the property.

Signed long-term lease with Lehman Brothers for approximately 600,000 square feet of space in Brookfield's One World Financial Center property.

Took back and re-leased 600,000 square feet of space in One Liberty Plaza to two major tenants – the new world headquarters of Nasdaq Stock Markets and Goldman Sachs.

Signed 1 million square feet of leases in Calgary, increasing occupancy to 94% from 90% following the acquisition of Bankers Hall.



From left to right:
Alan Norris – President and CEO, Residential, Mountain Region; Katherine C. Vyse – Vice President, Investor Relations and Communications; and John E. Zuccotti – Deputy Chairman of the Corporation and Chairman of its Commercial Property Operations

Financial Center, positions Brookfield as one of a select few real estate companies in New York with access to office development sites for growth.

Brookfield took a similar step in February 2001 to secure further growth in its second major market, Toronto, by acquiring the Bay-Adelaide project. This site, which will be the next major office project developed in the downtown core, will be launched when major tenancies are secured.

Brookfield also acquired the landmark, 2.6 million square foot *Bankers Hall complex in Calgary.* This significant acquisition illustrates our approach and success in building value throughout our portfolio. Acquired with nearly 425,000 square feet of vacancies in an uncompleted second tower, we moved quickly to finish construction, lease up more than 225,000 square feet of the vacant space at much higher rental rates than planned and acquired the land lease under one of the towers

Brookfield began the year with a 100% leased New York portfolio, and virtually no space maturities. We responded to the rising rental rates by proactively creating opportunities and ended the year re-leasing close to 2 million square feet – approximately 20% of our space in the city.

in order to further enhance the value of the complex through ownership consolidation. In 2001, our goal is to refinance the project, and then sell an interest to a financial partner. This will result in an incremental stream of cashflow to the company with less capital invested in Calgary than prior to this acquisition.

Brookfield entered into *a partnership with Deutsche Bank Realty Advisors* on our 53 and 75 State Street properties in Boston, selling a 49% ownership interest for a total value of $340 million, a 30% increase on equity invested one year earlier. This successful partnership enabled Brookfield to recycle capital in these mature projects for reinvestment into new opportunities. It is the first of similar transactions which we intend to undertake with institutions seeking a steady stream of cashflow for their investors.

Strength in capital management

Shareholder value is created not only through skillful management of commercial real estate assets – acquisitions, development and leasing – but through sophisticated and responsible capital management. We are working to leverage our financial strength and market leadership in order to exceed returns traditionally earned in the real estate business, and thus produce higher returns for shareholders. We measure our success on the basis of total return on capital, which includes annual cashflow and capital appreciation.

During the past five years, we have increased our net asset value from approximately $5.00 per share to over $22.00 per share, an achievement that does not reflect our ability to create further value in years ahead.

In 2000 alone, we achieved a total return for shareholders of 40%, which includes increases in cashflow and net asset value. While it is unlikely we will achieve this on an annual basis, our long-term goal is to exceed a 20% return on equity on a total return basis.

Among the more important capital initiatives this year was the *completion of a secondary offering of 8 million shares* held by a founding financial institution. While not yielding any new capital for the company, this issue, two times over-subscribed, enabled us to expand our shareholder base by placing the shares in the hands of largely new US institutional investors. This created greater liquidity on the NYSE – a step towards our goal of transferring our principal share trading to that Exchange.

We took advantage of the strong capital markets to call for *conversion of $200 million of debentures* into common shares. We also *completed two tender offers* for the outstanding shares of our two remaining public affiliates. As a result of the tender offers, we have privatized one company and increased our equity ownership in the other to 85%, further streamlining our operations and management structure. Together these three major capital transactions increased Brookfield's equity base by over $315 million, with no value dilution to existing shareholders.

Following our successful re-leasing and repositioning initiatives at One Liberty Plaza and 245 Park Avenue in New York, we *refinanced these premier office towers* with new non-recourse, long-term mortgages in order to lock-in low interest rates and surface imbedded value. These two financings, totaling $932 million, were achieved with 10-year fixed rate terms and an average rate of 6.7%. They also represent two of the largest single asset financings done in the United States in the last 12 months. This is an example of our strategic approach to capital management: low-risk leverage providing Brookfield with one of the lowest cost of capital structures in the industry, approximately 8% based on an industry norm of 12% for the equity return required and just under 10% using our goal of 20% total return on equity.

Brookfield's common shares continue to trade below the average analyst estimate of net asset value of $20.50 per share, and below our discounted cashflow analysis of over $22.00 per share. With this price differential, one of the best risk-adjusted investments we can make is to continue to repurchase our shares. During 2000, we repurchased 1.6 million common shares at an average price of $12.50 per share. This was in addition to the substantial investment we made repurchasing shares of our publicly-traded affiliates.

OUR OBJECTIVES 2001 AND BEYOND

Performance
- Cashflow growth exceeding 15% annually
- Return on equity on a total return basis exceeding 20%

Asset management
- Sale of further partnerships in office properties to reinvest in new opportunities
- Disposition of non-core assets

Capital management
- Refinancing of office properties in order to properly leverage shareholder returns
- Acquisition of Brookfield shares at less than net asset value
- Continued generation of capital from master-planned communities

Development
- Pursuit of low-risk development opportunities where financial structure and returns justify the risk

Service initiatives
- Expansion of facilities management partnership with Johnson Controls
- Continued investment in partnerships in order to build leading services for tenants

The drivers of future growth

As we move into 2001, we have plans in place to maintain our record of financial performance and generate greater than 15% cashflow growth per share. We are in a unique position to benefit from internal growth as a result of active portfolio management and leases which contractually increase, as well as external growth through acquisitions and development.

Industry fundamentals remain strong

North Americans have enjoyed an unprecedented period of economic expansion that, combined with the lack of capital availability for real estate, has created one of the most unique real estate environments in decades. Despite slowing economic conditions, the supply-demand equation in major North American cities, such as New York and Boston, remains out of balance. There is not enough supply of premier office space to meet the demand of a dynamic tenant base. The long lead time required to bring an office tower to market – three to five years on average – and the substantial development cost, mitigates supply-side risk in most of our markets and gives us every reason to believe we will continue to enjoy low vacancies in at least the medium term, with a corresponding upward pressure on rental rates; however, at perhaps a slower pace of growth than seen in the past few years.

Internal growth built-in

A history of driving value from our assets and a lease profile of below market rents provide us with a strong foundation for internal growth. Rental rates on current leases are substantially below market as a result of the dramatic escalation of rental rates over the last few years. We are seeing natural rental rate uplift as leases roll-over from in-place rents of $20 per square foot to market rents of $30 on average in the portfolio. In addition, this disparity provides our leasing teams with the opportunity to build on a successful track record of proactively taking back space and restructuring lease renewal contracts early to capture the differential between in-place and market rental rates. If our leases were marked to market today, cashflow per share would increase by 64%.

External growth opportunities

A conservative debt profile, free operating cashflow of approximately $300 million annually and over $750 million net from refinancings and dispositions targeted for 2001, provide Brookfield with enviable financial strength and flexibility and will allow us to benefit from external growth opportunities

As we look out over the next few years, we remain focused on owning, aggressively managing and developing premier office properties in select, supply-constrained, high growth office markets.

such as acquisitions and new property developments. Our development capacity makes us one of the few companies with significant development rights in our supply-constrained markets. These and other development opportunities are profiled in more detail on page 19.

A compelling investment choice

As fellow shareholders, we are driven by a desire to achieve a superior return on your capital. We are doing this by delivering increasing streams of cashflow, building our net asset value and also working to see that these values are reflected in the share price. We are striving to meet the first two objectives each and every day, and while we have seen a welcome appreciation in our share price over the past year, we know we are competing for your investment dollars and that we must continue to produce results in all three areas.

The good news is that we still believe that commercial real estate remains undervalued. As a result, Brookfield presents a compelling *investment in quality* based on our strong record of performance, financial strength and flexibility.

Our strategic priorities

As we look out over the next few years, our priorities remain focused on owning, developing and managing premier office properties in select, supply-constrained, high growth office markets. We are committed to leadership positions in markets that we are in or choose to enter. Through our service businesses, we will continue to bring leading services and technologies to our tenants and customers.

We intend to continue to generate substantial cashflow from our profitable master-planned community business and by growing our successful Brookfield home building franchise.

To ensure we maximize our return on capital, we will continue to sell non-core assets where value can be maximized and divest of interests to institutional partners in properties where risk has been reduced to the point where it meets their risk return objectives. We will also continue to invest in acquisition or development opportunities that provide superior returns for shareholders, and repurchase common shares, if there remains a meaningful disparity between our share price and the net asset value of the company.

Looking forward: Building on our success

This has been a tremendous year for Brookfield. As a leader in the North American commercial real estate industry, we are poised to build on our achievements of 2000. We are confident that strong industry fundamentals, a clear and focused office investment strategy and the continued commitment of our innovative and hardworking team, will ensure that we deliver our performance objective of achieving greater than 15% growth in cashflow per share in 2001.

On behalf of the entire Brookfield team, a thank you to all of our shareholders for your continued confidence in Brookfield. We look forward to sharing with you our progress in 2001.

On behalf of management and the board,

GORDON E. ARNELL
Chairman

J. BRUCE FLATT
President and Chief Executive Officer

DAVID D. ARTHUR
President and Chief Executive, Canada

RICHARD B. CLARK
President and Chief Executive, United States

February 5, 2001

53 STATE STREET, BOSTON

LOCATION

OVER 1 MILLION SQUARE FEET

IN THE HEART OF BOSTON'S FINANCIAL DISTRICT

STRENGTH IN TOP MARKETS

Location, location, location! While often used, this simple statement is the key to our success and continues to be the cornerstone of our growth strategy going forward. Brookfield has established a strategic presence in the downtown cores of six major North American markets – New York, Boston, Toronto, Denver, Calgary and Minneapolis – cities with strong economic growth dynamics, and with few exceptions, high barriers to entry that limit the supply of new office properties.

GOODWIN PROCTER LLP

"As one of the oldest and largest law firms in New England, we need to be where our clients are, in the heart of downtown Boston, 53 State Street – at the centre of the financial district."

REGINA PISA

Managing Director

The New York, Boston and Toronto markets, which account for 85% of our commercial net operating income, rank among the most desirable cities in North America in which to work and live. They also represent three of the tightest office markets in North America with strong fundamentals looking forward. All three markets have record low vacancies in the central business districts where our properties are located, and there is minimal new construction underway or on the horizon. The Brookfield portfolio is unique in that our properties are located in the heart of these downtown markets near transportation hubs – strategic locations, that for the most part, can not easily be replicated.

New York, a top market

New York was the big story for Brookfield in 2000. Acknowledged as one of North America's strongest commercial office markets, New York net effective rental rates for premier space nearly doubled year over year. Brookfield, one of Manhattan's leading landlords with 14 million square feet of prime space and development sites, is in an enviable position to continue to seize the opportunities presented by the strength of this robust rental market. With in-place rents 35% below market, we are still focused on renegotiating early renewals of below market leases and proactively taking back space for re-lease at higher rates. These initiatives created a net

BCE Place

1 Canada Trust Tower

2 Bay Wellington Tower

3 Retail, parking and office

4 BCE Place III development

Exchange Tower Block

320 Bay Street

HSBC Building

Queen's Quay Terminal

Bay-Adelaide development

World Financial Center

1 Tower 1

2 Tower 2

3 Tower 4

4 Retail and Winter Garden

5 Parking and other

One Liberty Plaza

245 Park Avenue

300 Madison development

[illegible]

Brookfield's significant presence in North America's fastest growing office markets is one of the foundations of the growth strategy.

$18 million of termination income in 2000 and will increase operating cashflows, not only in 2001, but at even greater levels into the future. On top of increasing cashflows, these efforts in 2000 protected our New York portfolio from downside risk, as only 9% of our space is now contractually due over the next five years.

Going forward, Manhattan will remain a significant driver of growth for us. There simply is not enough vacant space to meet demand, in part because this dynamic city is a notoriously difficult one in which to build, and sites are getting more difficult to find as the city matures. And, with most sizable new construction in the city committed as "build-to-suit" developments, we are able to leverage our development opportunities with our market leadership in the city.

Growth strong in Boston and Toronto

Tight market conditions and escalating rents also characterize the dynamic, downtown Boston and Toronto markets where we have nearly 10 million square feet of prime space and from which we derive over 20% of our net operating income. On average, net effective rents in the central business districts increased 25% and 17% in Boston and Toronto respectively over the last year.

These attractive waterfront cities are economically vibrant and draw large populations of young urban dwellers wanting to combine work with play. The result is inadequate supply of space driving rents to near replacement costs. While these conditions have traditionally spurred over-building, the lack of capital available for development means only select development projects have started in these cities. More importantly, it looks like these conditions will continue in the future.

Unique market dynamics in Denver, Calgary and Minneapolis

Denver, Calgary and Minneapolis are economically strong markets, each with unique qualities that drive demand for premier, downtown properties – high tech telecommunications in Denver, the oil and natural gas industries in Calgary, and a large head office population in Minneapolis. In downtown Denver, virtually no new office space has been built in the past ten years. We continue to benefit from the rental rate uplift of significantly below market rents. With booming oil and natural gas prices in Calgary, the office market in 2000 far exceeded our expectations, and as a result, market vacancies, from office properties constructed in 2000, were reduced far more quickly than expected. In Minneapolis, vacancy rates are higher than in other markets in which we operate, the result of new supply of completed office space; however, we are well positioned with low in-place rental rates.

In the end, real estate is a local game. Brookfield's market leadership in each of these key North American cities is a testament to the strength of our local teams and their ability to attract tenants and accommodate changing requirements with innovative leasing solutions.

1 LIBERTY PLAZA, N.Y.

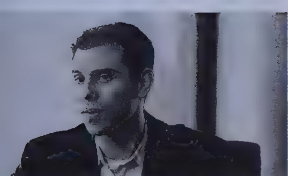
QUALITY

2 MILLION SQUARE FEET

ADJACENT TO THE WORLD TRADE CENTER

PREMIER QUALITY ASSETS

A decade ago, we set out to build a leading North American office company comprised of the highest quality office assets we could acquire in select markets, while ensuring returns could meet our target return on equity thresholds. We were confident that our focus on premier quality would attract and retain the best tenants and therefore provide a long-term, high quality stream of cashflow – a solid foundation for growth. We have succeeded so far, but there is still lots more that we can do.



GOLDMAN SACHS

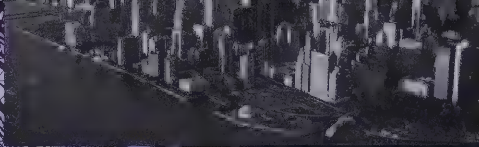
"Our move to One Liberty Plaza last year met our need to establish a strong presence in a centrally located, downtown, premier office tower with amenities and infrastructure that support our dynamic business."

JAMES LOVE

Vice President, Corporate Real Estate

Today, our 46 million square foot portfolio, concentrated in six cities, features some of the most unique and recognizable office complexes in North America. Included in Brookfield's premier portfolio are: the World Financial Center, a 7.5 million square foot office and retail complex located on the waterfront in downtown Manhattan; the adjacent One Liberty Plaza, a striking 2.1 million square foot office tower originally developed by U.S. Steel for its world headquarters; 245 Park Avenue, located adjacent to Grand Central Station in the heart of Manhattan and close to our 300 Madison Avenue development, which is currently under construction; and the distinctive twin-tower BCE Place, situated at the centre of Toronto's financial district. More recently in Boston, we joined two properties, 53 and 75 State Street, to create a single office operating unit, which now encompasses over 2 million square feet of Boston's premier space at the corner of State and Congress Streets in downtown Boston. In Calgary, we control 6.5 million square feet of premier office space in three complexes with seven towers – a formidable competitive advantage in providing leasing and operating solutions to our tenants. In Denver, Republic Plaza is not only the largest and highest quality property in Denver, but also attracts the highest rents of any downtown property.

Superior retail and service amenities, world class architecture, proximity to major



WORLD FINANCIAL CENTER, NEW YORK

BCE PLACE, TORONTO

75 STATE STREET, BOSTON

Brookfield's strategic focus on owning, managing and developing premier properties has created one of North America's most distinguished portfolios of office properties.

transportation hubs and entertainment venues distinguish the office properties in our portfolio, setting the standard for downtown business destinations. With the age of these unique properties averaging a young 14 years, and the technology infrastructure in place, we can focus our attention on establishing and nurturing valuable long-term relationships with our tenants and providing the highest quality environments in which our customers can operate their businesses.

Beyond bricks and mortar

We are proud to be a major landlord to many premier companies including some of the great financial institutions in North America – Bank of Nova Scotia, Bear Stearns, Canadian Imperial Bank of Commerce, Goldman Sachs, JP Morgan Chase, Lehman Brothers, Merrill Lynch, Nasdaq Stock Markets, Royal Bank and many more. A highly motivated and well-trained management services team in each property and a relentless commitment to creating professional, technologically advanced business environments, ensures we continue to anticipate and meet the needs of this sophisticated and growing tenant base. This year, we committed substantial effort and capital to maintaining our technological and service edge. We are installing fibre optic wiring across the portfolio to speed tenant telecommunications. In addition, we recently brought the Elevator News Network information service to our tenants. We introduced on-line tenant service intranets and are working on other innovative service programs for our customers.

Our original vision, which remains even stronger today, is to own, develop and aggressively manage and lease premier office assets in order to earn a superior risk-adjusted return for our shareholders. The execution of this strategy extends beyond merely acquiring these types of assets, to acquiring these assets when they are under-priced in the marketplace and to intensively managing the assets through individual leasing, capital improvement and disposition programs, in order to enhance our returns. We still believe that by redefining the way we do business – innovatively servicing our tenants, allocating capital more rigorously and proactively managing our assets – we can take a business which has traditionally underperformed and turn it into one which consistently generates a 20% total return on equity.

At Brookfield, our *investment in quality* is from top to bottom.

BCE PLACE, TORONTO

GROWTH

BROOKFIELD IS AMONG A SELECT FEW MAJOR REAL ESTATE COMPANIES WITH PREMIER DEVELOPMENT OPPORTUNITIES

DEVELOPMENT OPPORTUNITIES

Low-risk real estate and business development opportunities represent an important area of growth for Brookfield. We have a number of exciting business development opportunities that span office properties, our master-planned residential communities business, and our service businesses. This gives us the opportunity to grow organically for years to come.

CIBC WORLD MARKETS

"As a substantial tenant in Brookfield's BCE Place and at the World Financial Center, we have established a solid partnership that is paving the way for other business opportunities."

MICHAEL YOUNG

Managing Director

Office development

During the past decade, acquisition fundamentals remained stronger than new development. As a result, we focused all of our external growth opportunities on acquisitions. In anticipation of low vacancy rates and strong demand, we laid the groundwork for future office development, identifying and securing potential sites in our key markets. Today, we own or have certain rights covering over 7 million square feet of development capacity in strategic downtown locations of our core markets.

Our approach to development is a simple one. We are building to satisfy demand for new space from our customers. With many tenants in our properties requiring expansion space, we are taking advantage of these dynamics to not only create value on a low-risk basis for shareholders but also to satisfy the needs of our most valued asset, our customers.

In 2003, we will be completing the office tower at 300 Madison Avenue in midtown New York for the US headquarters of a major financial institution. We are also up-zoning our lands to accommodate an office tower of up to 2.5 million square feet at a site we own next to the new Penn Station in Manhattan. Finally, we have two prime development sites in downtown Toronto. The first, located in our BCE Place complex in Toronto, can accommodate an 800,000 square foot office tower. The second, is a recently acquired 50% interest in the Bay-Adelaide Centre, a downtown development site zoned for over 1.8 million square feet, including over a 1 million square foot office tower.

COMMERCIAL DEVELOPMENT

RESIDENTIAL DEVELOPMENT

SERVICE BUSINESSES

Brookfield is poised to realize significant value from its high quality development opportunities.

Residential development

Known today for our leadership in premier office properties, Brookfield also has a long history as an innovative developer of quality master-planned communities in a number of high growth markets, including three in California and in Denver, northern Virginia, Calgary, south Florida and Toronto. Nowhere is this more evident than in the high growth San Francisco Bay area market where Brookfield, with two partners, is developing the eagerly awaited Windemere Ranch – an upscale, 5,200-unit master-planned community located on one of the last premier tracts of residential housing land in the East Bay area of San Francisco.

Our strong relationships with local building authorities and expertise in selecting prime sites, and moving land through the entitlement and construction processes, should ensure we can continue to build our strong franchise and generate returns exceeding 20% annually. In addition, we are reducing risk through inventory reductions and continue to generate capital from the business. A current backlog of 50% of 2001 home sales across our master-planned community business is evidence of Brookfield's success in residential development.

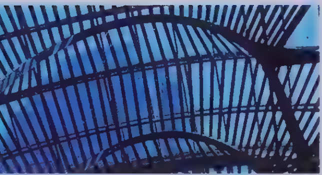
Service businesses

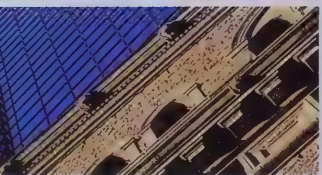
Brookfield is among the industry leaders in developing service businesses that leverage our market position and enhance our tenant service franchise.

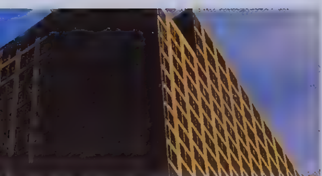
Brookfield's commitment to service excellence extends to our partnership with Johnson Controls. Together, we have built one of the leading integrated facilities management businesses in North America – Brookfield LePage Johnson Controls – with over 60 million square feet of facilities under management. During 2000, we were awarded a new contract to manage the operations of Royal Bank of Canada's financial group, including over 1,300 branches, which provides us with an additional platform for growth as we look forward. In addition, we won a contract to manage Nortel Network's Canadian operations. From a start-up just four years ago, we have established an enviable track record of success and 40% compound bottom-line growth. While today this business represents only a fraction of Brookfield's total cashflow, in conjunction with our owned and managed properties, it does provide us with valuable market presence, growth potential and substantial return on capital employed.

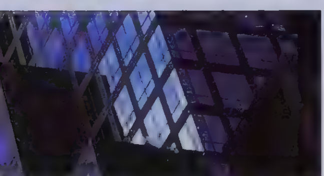
Building on this service foundation, we launched *e-ffinity properties inc.* in 1999, a subsidiary designed to bring technological and service innovations to our customers and create new streams of revenue for Brookfield. We entered into strategic partnerships with several broadband service providers bringing high speed, fibre optic technologies to tenants in our properties. In addition, we formed an office technology partnership with venture capital specialists to provide venture capital to emerging technology-based product and service initiatives within our portfolio. We are also piloting a web-based procurement portal to provide cost-effective, convenient procurement of products and services for small and medium-sized tenants. These exciting initiatives provide us with an important window on new emerging service offerings for our tenants; however, our focus remains clearly on our core office property business.

COMMERCIAL PROPERTIES BY REGION









	Number of Properties	Occupancy	Office	Retail/ Other*	Rentable Area	Effective Ownership Interest	Brookfield's Effective Interest
		%	000's of Sq. Ft.	000's of Sq. Ft.	000's of Sq. Ft.	%	000's of Sq. Ft.
NEW YORK							
World Financial Center							
Tower One	1	100	1,457	105	1,562	100	1,562
Tower Two	1	100	2,455	36	2,491	100	2,491
Tower Four	1	100	1,711	41	1,752	51	893
Retail and Winter Garden	1	85	—	287	287	100	287
One Liberty Plaza	1	100	2,112	19	2,131	100	2,131
245 Park Avenue	1	99	1,563	60	1,623	100	1,623
Development sites							
300 Madison	1	—	1,200	—	1,200	100	1,200
Penn Station	1	—	2,500	—	2,500	100	2,500
	8	100	12,998	548	13,546		12,687
TORONTO							
BCE Place							
Canada Trust Tower	1	100	1,127	18	1,145	40	458
Bay Wellington Tower	1	99	1,295	42	1,337	100	1,337
Retail, parking and office	2	100	142	804	946	75	705
Exchange Tower Block	3	99	1,397	268	1,665	94	1,561
HSBC Building	1	100	188	37	225	100	225
Queen's Quay Terminal	1	97	395	76	471	100	471
Other	6	98	1,394	840	2,234	58	1,287
Development sites							
Bay-Adelaide Centre	1	—	1,000	800	1,800	50	900
BCE Place III	1	—	800	—	800	65	520
	17	99	7,738	2,885	10,623		7,464
BOSTON							
53 State Street	1	100	1,090	71	1,161	100	1,161
75 State Street	1	100	742	260	1,002	100	1,002
	2	100	1,832	331	2,163		2,163
DENVER							
Republic Plaza							
Office	1	98	1,245	—	1,245	100	1,245
Development and other	1	—	400	548	948	100	948
World Trade Center	2	93	766	43	809	100	809
Colorado State Bank Building	1	97	412	—	412	50	206
Other	1	65	142	—	142	100	142
	6	94	2,965	591	3,556		3,350
CALGARY							
Bankers Hall	3	87	1,956	643	2,599	100	2,599
Fifth Avenue Place	2	99	1,436	247	1,683	100	1,683
Petro-Canada Centre	2	97	1,707	244	1,951	50	976
Other	2	82	121	117	238	100	238
	9	94	5,220	1,251	6,471		5,496
MINNEAPOLIS							
City Center	2	94	1,082	695	1,777	100	1,777
Dain Plaza	2	98	593	638	1,231	100	1,231
	4	96	1,675	1,333	3,008		3,008
OTHER							
Royal Centre, Vancouver	1	98	493	361	854	100	854
Chicago Place, Chicago	1	99	—	311	311	100	311
Bramalea City Centre, Toronto	1	97	75	1,093	1,168	100	1,168
Londonderry Centre, Edmonton	1	92	—	736	736	100	736
Other	10	93	2,710	954	3,664	100	3,664
	14	95	3,278	3,455	6,733		6,733
Total portfolio	60	97	35,706	10,394	46,100		40,901
Less: other shareholders' interests							3,515
Brookfield's net effective ownership interest							37,386

** Includes parking facilities in mixed-use centres of 3,510,000 square feet.*

OVERVIEW

Brookfield is a publicly-traded North American real estate company listed on both the New York and Toronto stock exchanges under the symbol BPO. At December 31, 2000, the book value of Brookfield's assets was $8.6 billion with 90% invested in premier office properties. The company generated over $700 million of net operating income in 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and appended notes. All amounts are expressed in US dollars unless otherwise noted.

OFFICE PROPERTIES

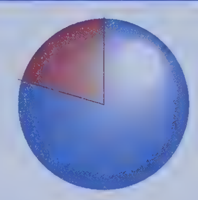
Brookfield's strategy is to own, develop and manage premier office properties in downtown locations of select cities in North America. Brookfield's portfolio consists of equity interests in 60 properties, predominantly office buildings, comprised of 46 million square feet of rentable area in which Brookfield has an ownership interest in 41 million square feet, and a book value of $6.3 billion. Brookfield's properties in New York, Boston and Toronto represent 85% of the net asset value of the total portfolio.

OTHER OPERATIONS

Brookfield's service businesses operate with the goal of enhancing value and returns in the core office property business. Brookfield's property service operations currently manage 120 million square feet across North America. This scale enables the company to leverage the strong tenant base and service culture to create superior service offerings for tenants, and in the process, create new revenue streams for the company.

Brookfield also owns over 60,000 planned residential building lots for use in its home building operations and for sale to other home builders. 38,000 lots are currently entitled for home construction and 22,000 lots are contained within later phases of master-planned communities which will be entitled as the earlier stages are sold.

GEOGRAPHIC DISTRIBUTION OF ASSETS



ASSET PROFILE

Total assets were $8.6 billion at December 31, 2000, compared to $8.1 billion as at December 31, 1999. The increase in assets is as a result of acquisitions of commercial properties and development sites during the year, offset by inventory reductions on the company's residential operations. The book value of the company's assets segmented by areas of operation is as follows:

	Book Value		
(Millions)	2000	1999	%
Operating assets			
Commercial properties	$ 6,326	$ 5,897	91%
Development properties	637	447	9%
	6,963	6,344	100%
Other assets			
Residential inventory	559	562	
Receivables, prepaids and other	675	645	
Future income tax assets	218	300	
Cash and cash equivalents	209	217	
	$ 8,624	$ 8,068	

COMMERCIAL PROPERTIES

The commercial property portfolio is focused in six North American cities, with New York, Toronto and Boston accounting for 80% of the portfolio on a book value basis, as follows:

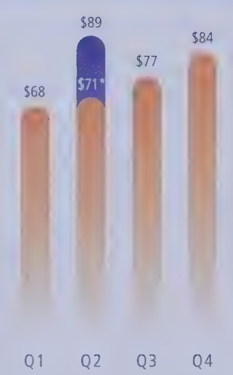
Region	Leasable Area	Brookfield Owned Interest	Dec. 31, 2000	Dec. 31, 1999
	(000's Sq. Ft.)	(000's Sq. Ft.)	(Millions)	(Millions)
New York, New York	9,846	8,987	$ 3,102	$ 3,047
Toronto, Ontario	8,023	6,044	892	899
Boston, Massachusetts	2,163	2,163	648	643
Denver, Colorado	3,156	2,950	368	364
Calgary, Alberta	6,471	5,496	574	250
Minneapolis, Minnesota	3,008	3,008	392	395
Other	4,233	4,233	350	299
Total*	36,900	32,881	$ 6,326	$ 5,897

Excludes development sites

On a book value basis, commercial properties represent 91% of the company's operating assets, and represent 90% of total net asset value.

The consolidated carrying value of Brookfield's interest in 36.9 million square feet of rentable area is approximately $192 per square foot, significantly less than the estimated replacement cost of these assets. The average size of Brookfield's core properties is 1.4 million square feet.

2000 QUARTERLY CASHFLOW FROM OPERATIONS (US Millions)



* Before net lease termination income

"With record low vacancy rates in our Toronto office portfolio, the recent joint venture acquisition of Bay-Adelaide Centre provides us with another strong alternative for our growing tenant base."

PHIL MOSTOWICH
Senior Vice President, Eastern Canada

RESULTS OF OPERATIONS

Cashflow from operations increased to $318 million in 2000 compared with $259 million in 1999. Cashflow from operations has increased 42% on a compound basis in the last three years. A summary of the principal components of the company's operating results for the past three years is as follows:

(Millions)	2000	1999	1998
Commercial property operations			
Rental revenues	$ 1,008	$ 930	$ 850
Expenses	397	361	344
	611	569	506
Other income			
Development operations	77	63	54
Interest and other	45	52	62
Net operating income	733	684	622
Unallocated costs	415	425	425
Cashflow from operations	$ 318	$ 259	$ 197

COMMERCIAL PROPERTIES

Commercial property operations contributed $611 million in 2000, an increase of 7% over 1999 as a result of strong internal growth generated by the roll-over of below market leases, contractual increases embedded in leases, the impact of acquisitions and the proactive renegotiation of leases prior to their maturity in order to capture termination income and/or higher rental rates. The components of net operating income are as follows:

Year ended December 31 (Millions)	2000	1999	1998
Rental revenue	$ 989	$ 910	$ 850
Lease termination payments	19	20	—
Total rental revenue	1,008	930	850
Property operating costs	397	361	344
Net operating income	$ 611	$ 569	$ 506

Components of net operating income

The components of net operating income growth, broken down between contractual increases in rental rates, rollovers of rents, lease-up of vacancies, acquisitions and dispositions over the past two years are as follows:

(Millions)	2000	1999
Net operating income before lease terminations, beginning of year	$ 549	$ 506
(a) Contractual increases on in-place leases	16	15
(b) Rental increases achieved on in-place rents on re-leasing	13	10
(c) Lease-up of vacancies	7	1
(d) Acquisitions and dispositions, net	7	17
	592	549
(e) Lease termination income	19	20
Net operating income, end of year	$ 611	$ 569

(a) Contractual increases on in-place leases

Leases generally have clauses which enable the company to collect rental revenue in increased amounts each five years. The increases are negotiated at the signing of the lease and are contractually obligated to be paid by the tenant. Given the high credit quality of tenants in the company's portfolio, there is virtually no risk in capturing these increases. The company does not straight-line rental revenues, and as a result, has a more assured growth rate than if the policy was to straight-line rent. During 2000, net operating income increased $16 million due to contractual increases in leases. This compares to $15 million in 1999.

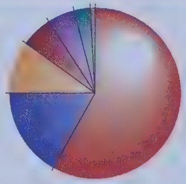
(b) Rental increases achieved on in-place rents on re-leasing

During the year, $13 million of increased cashflow was generated from higher rental rates on the re-leasing of space in the portfolio. At December 31, 2000, average in-place net rents throughout our portfolio increased to $20 per square foot compared with $19 per square foot at December 31, 1999 and $17 per square foot at December 31, 1998. This increase was largely a result of the re-leasing initiatives which were completed at an average net rate of $25 per square foot in 2000. The following table shows the average in-place rents and current market rents for similar space and services in each of our markets:

	Gross Leasable Area	Average Lease Term	Avg. In-Place Net Rent Dec. 31, 2000	Avg. Market Net Rent Dec. 31, 2000
	(000's Sq. Ft.)	(Years)	($ per Sq. Ft.)	($ per Sq. Ft.)
New York, New York				
Midtown	1,622	15	$ 36	$ 60
Downtown	8,224	12	32	50
Toronto, Ontario	8,023	6	17	21
Boston, Massachusetts	2,163	7	26	50
Denver, Colorado	3,156	5	12	21
Calgary, Alberta	6,471	9	11	14
Minneapolis, Minnesota	3,008	6	10	16
Other	4,233	9	13	17
Total*	36,900	10	$ 20	$ 30

*Excludes development sites

DISTRIBUTION OF COMMERCIAL PROPERTIES



Net asset value

New York	58%
Toronto	17%
Boston	10%
Calgary	6%
Denver	5%
Minneapolis	3%
Other	1%

(c) Lease-up of vacancies

Over 5.2 million square feet of space was leased in 2000, including 4.2 million square feet of new occupancies and 1 million square feet of renewals. The larger volume of new leasing reflects the impact of acquisitions during the year, re-leasing of space taken back on lease terminations and our proactive lease management program, which is focused on capturing the difference between in-place and market rents prior to contractual lease expiry. Brookfield's total portfolio occupancy rate in 2000 increased to 97%, a 1% increase over 1999. This increase in occupancy contributed $7 million to net operating income over 1999 and was represented by the following:

	Dec. 31, 2000		Dec. 31, 1999		Dec. 31, 1998	
(Thousands of square feet)	Total Square Feet	% Leased	Total Square Feet	% Leased	Total Square Feet	% Leased
New York, New York	9,846	100%	9,667	99%	9,667	98%
Toronto, Ontario	8,023	99%	8,113	96%	8,352	94%
Boston, Massachusetts	2,163	100%	2,122	95%	2,122	99%
Denver, Colorado	3,156	94%	3,147	97%	3,128	94%
Calgary, Alberta	6,471	94%	3,770	95%	3,919	94%
Minneapolis, Minnesota	3,008	96%	3,009	96%	3,009	93%
Other	4,233	95%	3,453	92%	4,238	96%
Total*	36,900	97%	33,281	96%	34,435	96%

** Excludes development sites*

(d) Acquisitions and dispositions, net

Cashflow from properties acquired during the year, net of the reduction of cashflow from dispositions was $7 million. This compares with $17 million in 1999. In 2000, Brookfield acquired 3.5 million square feet in Calgary and Vancouver through the acquisition of Bankers Hall in Calgary and Royal Centre in Vancouver for C$514 million. These assets were acquired with an original leverage yield of approximately 8%, and over 425,000 square feet of vacancy. To date, in excess of 225,000 square feet of the acquired vacant space has been leased. With the expected leasing in the first quarter of 2001, returns should increase to over 10%. In addition, Brookfield acquired a development site at 300 Madison Avenue for $150 million and reached an agreement to sell a partnership interest in our two Boston assets for the equivalent of $685 million, which will generate $168 million of cash to Brookfield. This equates with a sale at a capitalization rate of 7.25%. Of these proceeds, $34 million has been collected, with a further $134 million expected in the first quarter of 2001 to conclude the transaction.

"The acquisition of Bankers Hall provided us with the opportunity to assist the expansion of our tenants across our Calgary portfolio and also to attract new tenants to our properties."

DALE EVANS
Vice President and General Manager, Bankers Hall

PATTI BUSKAS
Vice President and General Manager, Fifth Avenue Place

(e) Lease termination income

A proactive lease management program yielded lease termination payments totaling $19 million in the year 2000, before minority interest charges, compared to $20 million in 1999. In addition, Brookfield re-leased space well in advance of contractual expiry in a rising rental rate environment. While these types of payments are opportunistic and difficult to predict, the dynamic tenant base typical in Brookfield's buildings may generate other opportunities in the future to renegotiate space requirements with similar payments.

Tenant relationships

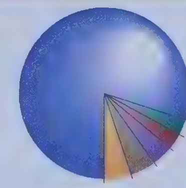
An important characteristic of Brookfield's portfolio is the strong credit quality of our tenants. Special attention is directed at credit quality in order to ensure the long-term sustainability of rental revenues through economic cycles. The following list shows the largest tenants in Brookfield's portfolio and their respective lease commitments:

Tenant	Primary Location	Year of Expiry	000's Sq. Ft.	% of Sq. Ft.
Merrill Lynch & Company	New York/Toronto	2013	4,509	12.2%
Royal Bank, RBC Dain Rauscher	Calg/Vancr/Minn/New York	2003/2006	908	2.5%
Petro-Canada	Calgary	2013	843	2.3%
Canadian Imperial Bank of Commerce	Toronto/Calgary	2005/2007	762	2.1%
Lehman Brothers Inc.	New York	2021	682	1.8%
Dayton Hudson Corporation	Minneapolis	2013	632	1.7%
JP Morgan Chase	New York	2022	556	1.5%
TransCanada Pipelines Ltd.	Calgary	2001/2009	494	1.3%
Imperial Oil	Calgary	2011	476	1.3%
Talisman Energy	Calgary	2015	390	1.1%
TD Canada Trust	Toronto	2005	372	1.0%
Goldman Sachs	New York	2015	361	1.0%
Goodwin Procter LLP	Boston	2006	360	1.0%
Renaissance Energy	Calgary	2012	349	1.0%
Cleary, Gottlieb, Steen & Hamilton	New York	2010	344	0.9%
Wellington Management	Boston	2011	330	0.9%
Teacher Insurance Annuity Association	Denver	2008	323	0.9%
Dow Jones and Company	New York	2005	309	0.8%
The Toronto Stock Exchange	Toronto	2018	283	0.8%
National Association of Securities Dealers	New York	2021	269	0.7%
Bank of Nova Scotia	New York	2014	267	0.7%
Canadian National Resources	Calgary	2010	229	0.6%
Sovereign Bank	Boston	2008	213	0.6%
Bear Stearns and Company	New York	2022	199	0.5%
			14,460	39.2%

Where possible, Brookfield endeavors to sign long-term leases. While each market is different, the majority of the company's leases, when signed, are for 10 to 20 year terms. As a result, approximately 5% of our leases mature annually. New York and Boston are the exceptions, where the 2001 to 2004 maturities were aggressively leased in 2000, resulting in virtually no scheduled maturities of space during this period. The following is the breakdown of the lease maturities by market:

(Thousands of Sq. Ft.)	Currently Available	2001	2002	2003	2004	2005	2006	2007 & Beyond	Total Leasable Area
New York, New York	41	33	30	18	196	578	424	8,526	9,846
Boston, Massachusetts	1	26	24	26	86	240	587	1,173	2,163
	42	59	54	44	282	818	1,011	9,699	12,009
Toronto, Ontario	181	112	368	453	566	1,220	433	4,690	8,023
Denver, Colorado	145	141	161	293	176	482	293	1,465	3,156
Calgary, Alberta	393	292	135	99	176	336	166	4,874	6,471
Minneapolis, Minnesota	111	85	355	393	162	94	509	1,299	3,008
Other	198	264	239	586	314	314	192	2,126	4,233
Total	1,070	953	1,312	1,868	1,676	3,264	2,604	24,153	36,900
	3%	3%	4%	5%	5%	9%	6%	65%	100%

LEASE MATURITIES



Current	3%
2001	3%
2002	4%
2003	5%
2004	5%
Beyond 2004	80%

"With a focus on surfacing value in our premier office portfolio, we recently completed $1 billion in new financings, locking in 10-year, fixed rate terms and withdrawing capital for investment elsewhere."

MARK BROWN
Senior Vice President and Chief Financial Officer, US

Tenant installation costs and capital expenditures

Brookfield typically grants financial concessions or provides capital to tenants which is then invested by them in tenant installations in our properties. These concessions include funds for tenant build-out allowances and leasing commissions to third-party brokers representing tenants. In virtually all of our properties, we have dedicated leasing teams who represent Brookfield and deal with tenant representatives. These costs are capitalized in the year incurred, amortized over the terms of the lease to which they pertain, and recovered through rental payments over the term of the lease. Expenditures for tenant installations were $97 million in 2000 compared with $48 million in 1999 and $30 million in 1998. This amount is greater than the $30 million expected on a normalized basis, due to the lease-up of vacant space in newly acquired properties and the costs associated with the opportunistic takeback of space in advance of contractual expiry. On an annual basis, approximately 2 million square feet will be leased with a tenant installation cost on average of $15.00 per square foot. The average over the past three years was approximately $17.50 per square foot, due to a greater amount of space leasing in New York. Further details of the tenant installation costs incurred during the past three years are as follows:

(Millions, except per square foot information)	2000	1999	1998
Total tenant installation costs	$ 97	$ 48	$ 30
Square footage leased			
New space	4.2	2.1	1.2
Renewal space	1.0	1.3	0.6
	5.2	3.4	1.8
Per square foot	$ 19	$ 14	$ 17

Brookfield also invests in the ongoing capital maintenance of its properties. Due to the young age, quality and advanced technological infrastructure in most of Brookfield's properties, recurring capital maintenance expenditures are substantially lower than industry norms. Capital maintenance expenditures in 2000 were $12 million compared to $10 million in 1999. It is expected that capital maintenance expenditures on a levelized basis will be approximately $6 million annually.

"The acquisition of Royal Centre in Vancouver gives us a toe-hold in this supply-constrained market."

TOM FARLEY
Senior Vice President, Western Canada

DEVELOPMENT PROPERTIES

Development properties consist of both commercial property development sites and density rights, as well as residential land used in the home building business and sold to other builders. The total book value of this development land and infrastructure was $637 million at December 31, 2000 compared with $447 million in 1999. Brookfield's strategic approach to office development is to build on a selective basis in markets where our tenants require expansion space.

Brookfield's commercial sites and density have a book value of $220 million. In early 2000, the company added a development site at 42nd Street and Madison Avenue in New York, where a 1.2 million square foot office tower will be constructed for a major financial institution. Total cost of the site was approximately $150 million. Demolition has commenced on the site, with completion and occupancy expected to be in late 2003. Total costs to complete the project will be funded by a development loan secured by the project.

In February 2001, Brookfield acquired a 50% interest in the Bay-Adelaide Centre development project, located at the corner of Bay and Adelaide Streets in downtown Toronto. The investment for Brookfield's 50% interest was $33 million. The company intends to leverage its 8 million square foot market presence in Toronto to advance this project to the launch phase in 2001. Construction costs will be less than a building of similar quality owing to the substantial infrastructure which exists on the site, including a 1,100 stall parking garage, completed elevator core to six stories, as well as heating and cooling infrastructure and all in-ground construction complete. The development site also includes an adjacent block where the company anticipates the construction of a hotel and residential project of approximately 800,000 square feet which will be sold to, or joint ventured with a residential developer.

A summary of Brookfield's commercial development density is as follows:

	Location	Density	Status
New York*		Sq. Ft.	
300 Madison	42nd Street at Madison Avenue	1,200,000	– Under construction – Expected delivery in late 2003
Penn Station	West 31st Street at 9th Avenue	2,500,000	– Currently being up-zoned for 2.5 million square feet of office
Toronto			
Bay-Adelaide Centre	Bay and Adelaide Streets	1,800,000	– Pre-leasing
BCE Place III	Third tower of current BCE Place project	800,000	– Planning
Denver			
Republic Plaza	Downtown Denver	400,000	– Pre-leasing
		6,700,000	

** Does not include certain rights relative to the development site located adjacent to the World Financial Center.*

In addition to these commercial property developments, Brookfield's residential group holds longer-term land, primarily in later phases of master-planned communities which are converted into lots and utilized in the company's housing business or sold to other builders. Brookfield's land development and housing operations are located in nine markets across North America. The aggregate book value of Brookfield's residential land under development or held for future development is $417 million. Brookfield also has $559 million invested in active housing inventory for its home building businesses. This inventory consists of partially built homes and entitled building lots under sales contracts or held for sale in the near term. The breakdown of the book values assigned by Brookfield to its commercial and residential development properties is as follows:

(Millions)	Buildable Sq. Ft.	Under Development	For Development	Dec. 31, 2000 Total
Commercial developments and infrastructure				
300 Madison	1,200,000	$ 171	$ —	$ 171
Penn Station	2,500,000			
Bay-Adelaide Centre*	1,800,000			
BCE Place III	800,000			
Republic Plaza	400,000			
	5,500,000	5	44	49
	6,700,000	176	44	220
Residential development land and infrastructure				
San Francisco Bay area, California		38	—	38
Los Angeles area, California		29	—	29
San Diego area, California		76	18	94
North Miami, Florida		11	—	11
Denver, Colorado		45	7	52
Toronto, Ontario		11	4	15
Calgary, Alberta		61	77	138
Edmonton, Alberta		22	18	40
		293	124	417
		$ 469	$ 168	$ 637

** Acquired in February 2001, and as a result, not included in December 31, 2000 book value.*

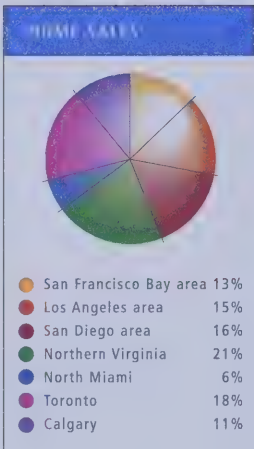
"The acquisition of the 300 Madison Avenue site for the development of a premier office tower was an outstanding transaction for us and for our major tenant who has outgrown their space in another Brookfield property."

LARRY GRAHAM
Senior Vice President, Development, US

Results of operations

Earnings from Brookfield's development operations are derived solely from the residential operations. Residential development income increased to $77 million in 2000, compared with $63 million in 1999. Lot sales for 2000,

including lots sold to other builders, totaled 6,187, compared with 5,563 in 1999. Total home sales were 2,660 for the year compared with 2,609 in 1999.



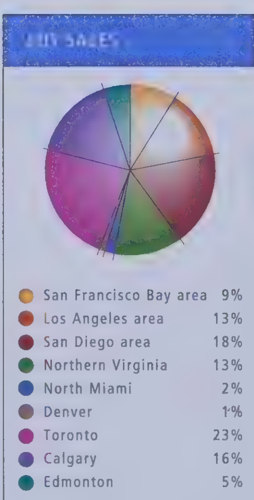
The breakdown of the lot and home sales by region is as follows:

	Home Sales			Lot Sales		
(Units)	2000	1999	1998	2000	1999	1998
San Francisco Bay area, California	339	383	310	563	384	315
Los Angeles area, California	391	324	383	778	324	449
San Diego area, California	426	435	528	1,093	1,251	568
Northern Virginia	566	525	490	797	1,427	763
North Miami, Florida	158	38	63	158	65	239
Denver, Colorado	—	—	—	83	39	—
Toronto, Ontario	480	630	364	1,413	794	541
Calgary, Alberta	300	274	391	983	935	1,208
Edmonton, Alberta	—	—	—	319	344	378
	2,660	2,609	2,529	6,187	5,563	4,461

Brookfield's home building operations achieved average home prices in 2000 of $335,000 per unit, an increase of 22% over 1999 levels. The increase in the average home price was largely due to a higher end mix of houses sold by Brookfield, especially in California and northern Virginia.

The following is a breakdown of average prices realized on home sales in the last three years:

	2000		1999		1998	
	Sales	Average Price	Sales	Average Price	Sales	Average Price
	(Millions)		(Millions)		(Millions)	
San Francisco Bay area, California	$ 145	$ 428,000	$ 145	$ 378,000	$ 117	$ 376,000
Los Angeles area, California	214	547,000	150	463,000	125	326,000
San Diego area, California	183	430,000	160	368,000	141	268,000
Northern Virginia	172	304,000	126	240,000	94	193,000
North Miami, Florida	77	487,000	15	394,000	20	321,000
Toronto, Ontario	71	148,000	92	146,000	50	137,000
Calgary, Alberta	30	100,000	29	106,000	40	102,000
Total	$ 892	$ 335,000	$ 717	$ 275,000	$ 587	$ 232,000



The December 31, 2000 backlog of orders for delivery in 2001 stood at 1,150 units representing 40% of our expected 2001 closings. This backlog increased to approximately 50% by the first week of February 2001.

Interest and other income

Interest and other income includes interest charged on loans receivable, interest received on cash balances and transactional gains and losses realized on the disposal of non-core properties. Interest and other income declined to $45 million in 2000 versus $52 million in 1999 as non-core assets were sold and proceeds reinvested in core operations.

Interest expense

Interest expense increased to $324 million in 2000, an increase of 5% over 1999. This increase is largely a result of higher levels of investment grade debt placed on properties when refinanced, as well as increased debt assumed on acquisitions during 1999 and 2000. The increased interest expense on this debt was offset by scheduled amortizations of commercial property debt and the repayment of debt related to non-core properties sold during the year.

Administrative and development expenses

Administrative costs declined to $44 million compared to $54 million in 1999 due to increased absorption of residential overheads into cost of sales, and due to a reduction in operational overheads in the commercial property group. It is expected that these costs will stabilize going forward following reductions in the past two years.

Other shareholders' interests – expenses

Brookfield's expense attributable to other shareholders' interests in the income from properties, consolidated in our accounts, consists of earnings attributable to properties represented through the common shareholdings of Gentra Inc., Carma Corporation and Brookfield Financial Properties not owned by Brookfield, as well as dividends on preferred shares of these and other wholly-owned subsidiaries held by others.

During 2000, Brookfield continued the consolidation of its subsidiaries through both normal course issuer bids and tender offers for the shares of Carma and Gentra not owned by Brookfield. In September 2000, Carma was privatized through the issuance of 1.9 million common shares and the payment of $1 million in cash. Also in September 2000, the effective ownership of Gentra was increased to 85% through the issuance of 5.3 million common shares and the payment of $5 million in cash. The following provides details on the earnings and dividends attributable to others:

(Millions)	Type	2000	1999	1998
Gentra Inc.	Preferred shares	$ 14	$ 12	$ 13
100% owned subsidiaries	Preferred shares	9	7	8
Dividends – preferred shares of subsidiaries		23	19	21
Gentra Inc.	Common shares	7	26	28
Brookfield Financial Properties	Common shares	16	13	19
Carma Corporation	Common shares	1	4	5
Other shareholders' interests in subsidiary earnings		24	43	52
Total		$ 47	$ 62	$ 73

LIQUIDITY AND CAPITAL RESOURCES

Brookfield's operating cashflow before the payment of dividends, capital investments, tenant installations and debt repayments was $318 million, an increase of $59 million or 23% over 1999 levels. In addition to operating cashflows, Brookfield had $209 million of cash and cash equivalents at December 31, 2000 and has initiatives underway which should generate in excess of $1 billion of capital in the next 18 months. These initiatives consist of asset sales, the sale of participating interests in properties, net refinancing initiatives and cash generated from residential operations.

Brookfield's financial commitments are represented by interest expense and scheduled principal payments on its debt facilities, dividends on preferred shares and capital investments into commercial properties in order to maintain the physical attributes of these assets. At December 31, 2000, most of these commitments have recourse only to specific commercial property assets. Sufficient cashflows are generated by each of the company's properties to service their respective obligations.

Cost of capital

Brookfield's asset base of $8.6 billion is financed with a combination of debt, preferred shares and common equity, each with unique costs and terms to maturity. Brookfield's rigorous evaluation of growth opportunities ensures that the risk and cost of our financing structure is commensurate with the risk profile associated with the opportunities considered. This enables the company to be single-minded in pursuit of maximizing returns for shareholders while assuming prudent levels of risk.

Brookfield's weighted average cost of capital at an implicit 12% return on equity is 8.09%; at a 15% return on equity, the weighted average cost of capital is 8.76%; and at a 20% return on equity, the weighted average cost of capital is 9.89%. Brookfield's cost of capital is lower than many of its peers, not because of lower return thresholds but because of the higher amount of investment grade financing which can be placed on the portfolio. This is made possible by the high quality assets and tenant base which comprise the majority of our portfolio.

Commercial property debt assumed by Brookfield is primarily fixed rate and non-recourse to the company. These investment grade financings are typically structured on a 50% to 60% loan to appraised value basis. In addition, in certain circumstances where a building is leased almost exclusively to a high quality tenant, a higher loan to value financing, based on the tenant's credit quality, is put in place at rates commensurate with the cost of funds for the tenant. This reduces Brookfield's equity requirements to finance the project, and as a result, enhances equity returns.

"Highly motivated and well-trained management services teams in each of our properties, and a commitment to providing our tenants with the best business environments, ensures we continue to maintain our technological and service edge."

ED BEISNER
Senior Vice President and Controller, US

In summary, the strength of our assets and tenant base provides Brookfield with financing costs that remain lower on average than that of our peers, and provides low-risk leverage to our shareholders. Through value enhancement initiatives and the consistent monitoring of the balance between debt and equity financing, Brookfield continually strives to reduce the weighted average cost of capital and improve common shareholder equity returns.

Commercial property debt

Total commercial property debt was $5.1 billion at December 31, 2000 compared to $4.5 billion at the end of 1999. The increase was due to a higher level of investment grade financing placed on assets as net asset values increased and value creation programs were completed. The commercial property debt at December 31, 2000 had an average interest rate of 7.3% and an average term to maturity of 13 years. Virtually all of the company's commercial property debt has recourse only to specific properties with fixed-rate financing features, thereby reducing the overall financial risk to Brookfield. Commercial property debt maturities for the next five years are as follows:

"As one of the major landlords in downtown Toronto, we have a strategic advantage to offer to our tenants who outgrow their space or whose needs are continually changing."

BOB MACNICHOL
Vice President, Office Leasing, Eastern Canada

(Millions) Year	Scheduled Amortizations	Maturities	Total	Weighted Average Interest Rate At Dec. 31, 2000
2001	$ 106	$ 42	$ 148	7.4%
2002	88	217	305	6.9%
2003	97	761	858	7.7%
2004	115	—	115	6.9%
2005	122	90	212	7.2%
2006 and thereafter	—	3,447	3,447	7.3%
	$ 528	$ 4,557	$ 5,085	7.3%

The largest property mortgages, in order of maturity, are as follows:

Commercial Property	Location	Interest Rate	Maturity Date	Brookfield Proportionate Mortgage Share	Mortgage Details
		%		(Millions)	
Bankers Hall	Calgary	7.13	2002	$ 174	Recourse, floating rate
One World Financial Center	New York	7.51	2003	404	Non-recourse, fixed rate
Fifth Avenue Place	Calgary	9.04	2003	60	Non-recourse, fixed rate
300 Madison	New York	8.00	2003	160	Non-recourse, floating rate
Bramalea City Centre	Toronto	7.78	2005	74	Non-recourse, fixed rate
Republic Plaza	Denver	9.00	2006	190	Non-recourse, fixed rate
Canada Trust Tower	Toronto	7.07	2007	74	Non-recourse, fixed rate
World Trade Center	Denver	7.00	2007	38	Non-recourse, fixed rate
Petro-Canada Centre	Calgary	6.66	2008	71	Non-recourse, fixed rate
245 Park Avenue	New York*	6.65	2011	500	Non-recourse, fixed rate
One Liberty Plaza	New York*	6.75	2011	432	Non-recourse, fixed rate
Exchange Tower	Toronto	6.83	2012	94	Non-recourse, fixed rate
Bay Wellington Tower	Toronto	6.40	2013	201	Non-recourse, fixed rate
Two World Financial Center	New York	6.91	2013	845	Non-recourse, fixed rate
Four World Financial Center	New York	6.95	2013	434	Non-recourse, fixed rate
53 State Street	Boston	6.91	2023	158	Non-recourse, fixed rate
Minneapolis City Center	Minneapolis	6.84	2027	130	Non-recourse, fixed rate
Dain Rauscher	Minneapolis	7.45	2027	83	Non-recourse, fixed rate
Royal Centre	Vancouver	7.50	2027	39	Non-recourse, fixed rate
75 State Street	Boston	7.00	2028	181	Non-recourse, fixed rate
Other property mortgages*				743	Various terms
Total commercial property mortgages				$ 5,085	

** Includes the impact of refinancings completed in January 2001*

During the year 2000 and in January 2001, Brookfield refinanced $1,055 million of commercial property mortgages following successful value enhancement strategies. These refinancings included the following:

(Millions) Property	Previous Mortgage	Refinanced Mortgage	Previous Interest Rate	Refinanced Interest Rate
245 Park Avenue	$ 273	$ 500	8.34%	6.65%
One Liberty Plaza	266	432	6.90%	6.75%
Bramalea City Centre	21	74	11.13%	7.78%
Other refinancings	56	49	8.21%	8.64%
	$ 616	$ 1,055	7.80%	6.86%

Residential construction financing and advances

Residential construction financing relates to construction and development loans which are repaid from the sales proceeds of building lots and homes. As new homes are constructed, loans are funded on a rolling basis. Total residential housing debt at December 31, 2000 was $403 million compared with $448 million in 1999. This financing carried an average interest rate of 8.9%. Cash recovered from our residential operations was utilized to reduce these balances.

Advances represent credit facilities which are primarily recourse in nature to subsidiaries of the company. Brookfield continues to reduce these balances by refinancing property level debt at investment grade levels on a non-recourse basis. It is expected that this balance will continue to decline as our commercial property portfolio is refinanced and the capital dedicated to our residential operations is further reduced. Shareholder advances bear interest at floating rates and are drawn under a five-year termable revolving facility. $150 million is convertible at either party's option into a fixed-rate financing at 9.75% repayable in 2015.

Interests of others in properties

Interests of others in properties are minority shareholders' investments in properties which are represented by the common shares of Brookfield's consolidated subsidiaries. This provides Brookfield with an additional source of long-term capital due to its perpetual nature. The following table details the components of these interests as at December 31, 2000 and 1999:

(Millions)	2000	1999
Gentra Inc.	$ 49	$ 221
Brookfield Financial Properties	110	94
Carma Corporation	—	11
	$ 159	$ 326

The decrease in the interests owned by other shareholders during 2000 resulted from Brookfield's increased interest in the ownership of Carma and Gentra to 100% and 85% respectively, through two tender offers.

Preferred shares – corporate and subsidiaries

Brookfield has preferred shares outstanding at both the subsidiary and corporate level, all of which are perpetual in nature, and as a result, are permanent capital for the company. The details of these interests are as follows:

(Millions)	2000	1999
Perpetual preferred shares issued by subsidiaries		
Gentra Inc.	$ 256	$ 256
100% owned subsidiaries	105	105
	361	361
Perpetual preferred shares issued by Brookfield	246	246
	$ 607	$ 607

"Our proactive lease management program delivered significant results in 2000. We leased close to 2 million square feet in New York alone, 20% of our portfolio, and it looks like we will be busy in 2001."

JERRY LARKIN
Senior Vice President, Leasing, US

None of the preferred shares have any conversion features. However, $151 million of Brookfield preferred shares have exchange features which permit their holders to tender them as currency in subscribing for common shares at the prevailing issue price, under any share offerings completed by the company.

Subordinated convertible debentures

Brookfield has $50 million of 6% convertible debentures outstanding which are due in June 2008 and are convertible into 2,622,100 common shares of the company. In June 2000, Brookfield's other series of convertible debentures with a face value of $201 million was converted into 20 million common shares.

Common shares

The company has 159 million issued and outstanding common shares. On a fully diluted basis, the company has 167 million common shares outstanding, calculated as follows:

	Expiry Date	Exercise Price	2000	1999
Common shares outstanding			158,746,008	132,692,936
Add:				
Unexercised options	2001–2010	$ 10.09	3,436,529	2,093,900
Convertible debentures	February 2007	10.07	—	19,997,948
Convertible debentures	June 2008	19.07	2,622,100	2,622,100
Warrants	May 2003	10.07	2,621,997	2,900,000
Common shares outstanding – fully diluted			167,426,634	160,306,884
Common equity (Millions)			$1,787	$1,383

The fully diluted book value per common share at December 31, 2000 was $11.34 compared with $10.49 at December 31, 1999. Brookfield's book equity was $2.1 billion at December 31, 2000 compared with a market equity capitalization of $3.1 billion, calculated as total common shares multiplied by $17.625, the closing price per common share on the New York Stock Exchange on December 29, 2000, plus preferred shares and convertible debentures.

In August 2000, Brookfield renewed a normal course issuer bid which permitted the company to acquire up to 5% of the common shares of Brookfield. During 2000, 1,586,300 of the common shares were acquired at an average price of $12.50. These purchases have been deducted from common shareholders' equity.

In September 2000, Brookfield's capital base increased through the issuance of 7.2 million common shares pursuant to two tender offerings made for the balance of the common shares of Carma and Gentra. This transaction contributed $115 million on a book value basis to the permanent equity base of the company.

"We closed a number of major leasing, acquisition and financing transactions this year which position the company among the leaders in North American office property companies."

KATHLEEN KANE
Senior Vice President and General Counsel, US

REAL ESTATE INDUSTRY AND RISKS

Commercial property rental rate increases have been fueled by sustained economic growth during the past five years, combined with a lack of new supply of leasable commercial space. While the economic scenario today is not as positive as it was last year, national vacancy rates for most Class A downtown office space in both Canada and the United States are at their lowest levels in the past two decades.

As a result of these conditions, management expects the company's financial performance in 2001 to exceed that of 2000. Through further management initiatives, we expect to increase the stability of our income and have an objective of exceeding 15% cashflow growth and a long-term goal of 20% return on equity.

While the outlook for the real estate industry is positive, there are a number of risks associated with the business, some of them are as follows:

Interest rates

Interest rates affect the profitability of commercial properties as interest paid on mortgages secured by commercial properties represent a significant cost in the ownership of properties. To ensure higher interest costs do not affect the company significantly, Brookfield has fixed 91% of the commercial property debt in the company at an average rate of 7.3%.

Interest rates also have an important impact on investor attitudes. The level of interest rates influences the capitalization rates sought by commercial property investors. Interest rates can also affect the ability of consumers to afford new homes. As a result, the current trend of decreasing interest rates tends to positively impact our operations. A reversal of this trend would have a negative impact on the company.

Lease maturities

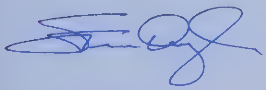
Brookfield currently has 3% of our commercial property space available for leasing, and approximately 4% maturing each year until 2005 when 9% of the company's rental space matures. While this number is not large in proportion to the total portfolio, and portfolio rental rates are on average below market rates, cashflows would decline if market rental rates, at the time of lease maturity, are less than those currently in place.

Consumer confidence

The North American economy affects all aspects of the real estate business. A disruption in economic growth would affect the demand for office space, and hence the rental rates achieved in Brookfield's property portfolio. In our land and housing business, a decline in economic growth would cause decreased consumer confidence which could affect the volume and price of home and lot sales.

Forward-looking statements

The company's annual report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe", "expect", "anticipate", "intend", "estimate" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include general economic conditions, local real estate conditions, timely re-leasing of occupied square footage upon expiration, interest rates, availability of equity and debt financing and other risks detailed from time to time in the company's 40-F filed with the Securities and Exchange Commission. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



STEVEN J. DOUGLAS
Senior Vice President and Chief Financial Officer

"2000 was a record year in which we achieved significant cashflow growth. This assisted us in maximizing returns for our shareholders."

NGA TRINH
Vice President,
Financial Management,
Canada

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The consolidated financial statements and management's financial analysis and review contained in this annual report are the responsibility of the management of the company. To fulfil this responsibility, the company maintains a system of internal controls to ensure that its reporting practices and accounting and administrative procedures are appropriate, and provide assurance that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles and, where appropriate, reflect estimates based on management's best judgement in the circumstances. The financial information presented throughout this annual report is consistent with the information contained in the consolidated financial statements.

Deloitte & Touche LLP, the independent auditors appointed by the shareholders, have audited the consolidated financial statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report as auditors is set out below.

The consolidated financial statements have been further examined by the board of directors and by its audit committee which meets regularly with the auditors and management to review the activities of each. The audit committee, which is comprised of five directors who are not officers of the company, reports to the board of directors.

J. BRUCE FLATT
President and Chief Executive Officer
February 5, 2001

STEVEN J. DOUGLAS
Senior Vice President and Chief Financial Officer

AUDITORS' REPORT

To the Shareholders,

We have audited the consolidated balance sheets of Brookfield Properties Corporation as at December 31, 2000 and 1999 and the consolidated statements of income, retained earnings and cashflow for each of the years ended December 31, 2000, 1999 and 1998. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cashflows for the years ended December 31, 2000, 1999 and 1998 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Toronto, Canada
February 5, 2001

Chartered Accountants

CONSOLIDATED BALANCE SHEET

December 31 (US Millions)	note	2000	1999
Assets			
Commercial properties	2	$ 6,326	$ 5,897
Development properties	3	637	447
Residential inventory		559	562
Receivables and other	4,5	893	945
Cash and cash equivalents		209	217
		$ 8,624	$ 8,068
Liabilities			
Commercial property debt – recourse to properties	6	$ 5,085	$ 4,460
Residential construction financing and advances	7	568	765
		5,653	5,225
Accounts payable		368	276
Capital base and other shareholders' interests			
Interests of others in properties	8	159	326
Preferred shares – subsidiaries and corporate	9	607	607
Common shares and convertible debentures	10,11	1,837	1,634
		2,603	2,567
		$ 8,624	$ 8,068

On behalf of the board,

GORDON E. ARNELL
Chairman

J. BRUCE FLATT
President and Chief Executive Officer

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

December 31 (US Millions)	note	2000	1999	1998
Total revenues		$ 2,100	$ 1,826	$ 1,593
Net operating income				
Commercial operations	12	$ 611	$ 569	$ 506
Development operations	12	77	63	54
Interest and other income		45	52	62
Net operating income, before undernoted		733	684	622
Interest expense		324	309	289
Administrative and development		44	54	63
Other shareholders' interests in properties		47	62	73
Cashflow from operations		318	259	197
Depreciation and amortization		66	56	49
Non-cash taxes and other provisions	5	82	50	19
Net income		$ 170	$ 153	$ 129
Net income per share – basic		$ 0.98	$ 0.89	$ 0.71
Net income per share – fully diluted		$ 0.94	$ 0.85	$ 0.70

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

December 31 (US Millions)	note	2000	1999	1998
Beginning of year – retained earnings	11	$ 170	$ 79	$ 4
Net income		170	153	129
Shareholder distributions				
Convertible debenture interest		(9)	(15)	(14)
Dividends paid on corporate preferred shares		(20)	(19)	(19)
Dividends paid on common shares		(37)	(28)	(21)
End of year – retained earnings	11	$ 274	$ 170	$ 79

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOW

December 31 (US Millions)	2000	1999	1998
Operating activities			
Cashflow from operations	$ 318	$ 259	$ 197
Recovery, net of investment, from the residential business	97	58	65
	415	317	262
Financing activities and capital distributions			
Indebtedness arranged, net of repayments	93	26	158
Common shares of subsidiaries acquired	(47)	(58)	—
Common shares of the company acquired	(20)	(4)	—
Convertible debentures issued	—	—	50
Common shares issued	4	—	2
Other shareholders' interests in cashflow retained	24	59	31
Payments on preferred shares and convertibles	(29)	(34)	(33)
Common share dividends	(37)	(28)	(21)
Cashflow (used in) provided by financing activities and capital distributions	(12)	(39)	187
Investing activities			
Commercial property tenant improvements	(97)	(48)	(30)
Acquisition and disposition of real estate (net)	(229)	(58)	(456)
Development and redevelopment investments	(47)	(42)	(41)
Capital expenditures	(12)	(10)	(15)
Other investments and liabilities	(26)	(38)	25
Cashflow used in investing activities	(411)	(196)	(517)
Increase (decrease) in cash resources	(8)	82	(68)
Opening cash and cash equivalents	217	135	203
Closing cash and cash equivalents	$ 209	$ 217	$ 135

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Significant accounting policies

(a) General

The consolidated financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants ("CICA"). The company's accounting policies and its financial disclosure are substantially in accordance with the recommendations of the Canadian Institute of Public and Private Real Estate Companies ("CIPREC").

(b) Principles of consolidation

The consolidated financial statements include:

(i) the accounts of all subsidiaries of Brookfield Properties Corporation (the "company") including its wholly-owned operations, as well as Gentra Inc. ("Gentra"), and Brookfield Financial Properties Inc. ("Brookfield Financial Properties"); and

(ii) the accounts of all subsidiaries' incorporated and unincorporated joint ventures and partnerships to the extent of the company's proportionate interest in their respective assets, liabilities, revenue and expenses.

The company's ownership interests in operating entities which are not wholly owned are as follows:

(i) Brookfield Financial Properties: The company owns a 90% (1999 – 90%) limited partnership equity and general partnership interest in Brookfield Financial Properties.

(ii) Gentra: The company owns 87% (1999 – 52%) on an equity basis and 47% (1999 – 47%) on a voting basis of the common shares of Gentra.

(c) Properties

(i) Commercial properties

Commercial properties held for investment are carried at the lower of cost less accumulated depreciation and net recoverable amount. For operating properties and properties held for long-term investment, a write-down to estimated net recoverable amount is recognized when a property's undiscounted future cashflow is less than its carried value. The projections of the future cashflow take into account the specific business plan for each property and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

Depreciation on buildings is provided on the sinking-fund basis over the useful lives of the properties to a maximum of 60 years. The sinking-fund method provides for a depreciation charge of an annual amount increasing on a compounded basis of 5% per annum. Depreciation is determined with reference to each rental property's carried value, remaining estimated useful life and residual value. Tenant improvements and re-leasing costs are deferred and amortized over the lives of the leases to which they relate.

(ii) Development properties – commercial

Commercial properties under development consist of properties for which a major repositioning program is being conducted and properties which are under construction. These properties are recorded at the lower of cost, including pre-development expenditures, and the net recoverable amount.

(iii) Development properties – residential

Development land is held for residential development and is recorded at the lower of cost and estimated net recoverable value. Costs are allocated to the saleable acreage of each project or subdivision in proportion to the anticipated revenue.

(iv) Homes and other properties held for sale

Homes and other properties held for sale, which include properties subject to sales agreements, are recorded at the lower of cost and net realizable value. Income received relating to homes and other properties held for sale is applied against the carried value of these properties.

(d) Capitalized costs

Costs are capitalized on commercial and residential properties which are under development, home building properties and other properties held for sale, including all expenditures incurred in connection with the acquisition, development, construction and initial predetermined leasing period. These expenditures consist of all direct costs, interest on debt that is related to these assets and certain administrative expenses. Ancillary income relating specifically to such properties during the development period is treated as a reduction of costs.

(e) Revenue recognition

Revenue from a commercial property is recognized upon the earlier of attaining a break-even point in cashflow after debt servicing, or the expiration of a reasonable period of time following substantial completion, subject to the time limitation determined when the project is approved. Prior to this, the property is categorized as a rental property under development, and revenue related to such property is applied to reduce development costs.

The company has retained substantially all of the risks and benefits of ownership of its rental properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes percentage participating rents and recoveries of operating expenses, including property, capital and large corporation taxes.

Income from the sale of land and other properties is recorded when the collection of the sale proceeds is reasonably assured and all other significant conditions are met. Properties which have been sold, but for which these criteria have not been satisfied, are included in development property or residential inventory assets.

(f) Income taxes

Effective January 1, 1999, the company adopted the new recommendations of the CICA with respect to accounting for income taxes under the liability method. Under this method, future income tax assets and liabilities are calculated based on: (i) the temporary differences between the carrying values and the tax bases of assets and liabilities, and (ii) unused income tax losses, and measured using substantively enacted income tax rates and laws that are expected to apply in the future as the temporary differences reverse and the income tax losses are used. The company applied this new method retroactively effective January 1, 1999 in respect of past business combinations, however, the financial statements for prior years have not been restated. See Note 5 for additional information on the composition of the income tax asset and expense.

(g) Reporting currency and foreign currency translation

The company has historically measured and presented its financial statements in Canadian dollars. Effective December 31, 2000, the US dollar has been adopted as the reporting currency of the company.

The consolidated financial statements have been presented in US dollars as the company's principal investments and cashflow are influenced primarily by the US dollar. Assets and liabilities denominated in foreign currencies are translated into US dollars at the rate in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate in effect for the period presented. The company's operations in Canada are self sustaining in nature and as such, cumulative gains and losses arising from the consolidation of the assets and liabilities of these operations are recorded as a separate component of shareholders' equity.

Historical financial statements and notes thereto up to and including December 31, 2000 have been restated into US dollars using the prevailing rate at that date of C$1.49 per US$1.00. All amounts expressed in the financial statements are in US dollars unless otherwise noted.

(h) Per share calculations

Net income per common share has been calculated after providing for preferred share dividends using the weighted average number of basic common shares outstanding of 144.0 million (1999 – 133.0 million, 1998 – 132.8 million) and fully diluted common shares outstanding of 162.4 million (1999 – 160.6 million, 1998 – 158.0 million).

(i) Cash and cash equivalents

Cash and cash equivalents include $147 million (1999 – $110 million), which is designated for property specific taxes, operating costs and tenant improvement expenditures, unless otherwise approved by the respective property mortgage holder.

(j) Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires estimates and assumptions that affect the carried amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

(k) Cashflow from operations

Cashflow from operations is a measurement defined by CIPREC as net income before certain items including non-cash tax charges, depreciation and amortization. As a result, this has been included as a separate line on the consolidated statement of net income.

Note 2: Commercial properties

(Millions)	2000	1999
Commercial properties	$ 6,600	$ 6,124
Less: accumulated depreciation	(274)	(227)
Total	$ 6,326	$ 5,897

(a) Commercial properties, carried at a net book value of approximately $2,791 million are situated on land held under leases or other agreements largely expiring after the year 2069. Minimum rental payments on land leases are approximately $25 million annually for the next five years and $1,085 million in total on an undiscounted basis.

(b) Commercial properties are carried net of $150 million (1999 – $157 million) which arose on the acquisition of the company's ownership interests in certain commercial properties. Of this amount, $16 million (1999 – $23 million) relates to lease incentives in place at the time of acquisition, and $134 million (1999 – $134 million) relates to reductions in the carrying value of commercial properties as a result of the application of accounting for income taxes (Note 5).

(c) Construction costs of $31 million (1999 – $31 million), interest costs of $3 million (1999 – $3 million) and general and administrative expenses of $1 million (1999 – $1 million) were capitalized to the commercial property portfolio for properties undergoing redevelopment in 2000.

(d) The following amounts represent the company's proportionate interest in incorporated and unincorporated joint ventures and partnerships:

(Millions)	2000	1999
Assets	$ 898	$ 876
Liabilities	534	530
Operating revenues	129	142
Operating expenses	46	47
Net income	48	48
Cashflow from operating activities	51	55
Cashflow from financing activities	(3)	(4)
Cashflow from investing activities	(30)	(1)

Note 3: Development properties

Development properties include commercial development sites, primarily for office development and residential land under and held for development.

(Millions)	2000	1999
Commercial development sites	$ 220	$ 21
Residential land under development	293	274
Residential land held for development	124	152
Total	$ 637	$ 447

Commercial development sites include commercial land, rights and options which represent developable land. Residential land under and held for development includes fully entitled and land in processing. The company capitalizes interest and administrative and development costs which are expensed as building lots and homes are sold. During 2000, after interest recoveries of $42 million (1999 – $54 million), the company capitalized a net $8 million (1999 – $8 million) of interest and capitalized a net $1 million (1999 – $1 million) of administrative and development costs.

The company, through its subsidiaries, is contingently liable for obligations of its associates in its residential development land joint ventures. In each case, all of the assets of the joint venture are available first for the purpose of satisfying these obligations with the balance shared among the participants in accordance with predetermined joint venture arrangements.

Note 4: Receivables and other

The majority of the secured real estate mortgages, loans and receivables mature prior to 2002. The intention is to reinvest most of this capital in the company's commercial property business. A description of these assets is as follows:

(Millions)	Weighted Average Interest Rate at Dec. 31, 2000	2000	1999
Real estate mortgages			
Office properties	11.2%	$ 45	$ 48
Retail properties	7.6%	23	26
Multi-family residential, hotel and other	7.6%	26	51
Other real estate operating receivables		332	255
Non-core real estate assets held for sale		62	138
Future income tax assets (Note 5)		218	300
Prepaid expenses and other assets		187	127
Total		$ 893	$ 945

Note 5: Income taxes

Effective January 1, 1999, the company adopted the new recommendations of the CICA with respect to accounting for income taxes. This change in accounting policy resulted in the recognition of a future income tax asset of $377 million, an increase in other shareholders' interests of $98 million, and a decrease in receivables and other of $28 million. The company's retroactive application of this policy has resulted in revisions to accounting for prior year business combinations, and accordingly, the company has reduced commercial properties by $134 million, development land by $67 million and increased commercial property debt by $23 million. The change in accounting policy had no effect on opening retained earnings for 1999.

Future income tax assets consist of the following:

(Millions)	2000	1999
Future income tax assets related to non-capital and capital losses	$ 502	$ 512
Future income tax liabilities related to differences in tax and book basis, net	(284)	(212)
Total	$ 218	$ 300

The future income tax assets relate primarily to non-capital losses available to reduce taxable income which may arise in the future. The company and its Canadian subsidiaries have future income tax assets of $194 million that relate to non-capital losses which expire over the next seven years, and $24 million that relate to capital losses which have no expiry. The company's US subsidiaries have future income tax assets of $284 million that relate to net operating losses which expire over the next 17 years. The amount of non-capital losses and deductible temporary differences for which no future income tax assets have been recognized is approximately $560 million.

Future income tax expense consists of the following:

(Millions)	2000	1999
Income tax expense at the Canadian federal and provincial income tax rate of 42.8% (1999 – 43.5%)	$ 108	$ 89
Increase (decrease) in income tax expense due to the following:		
Lower income taxes in other jurisdictions	(8)	(13)
Other shareholders' interests in income tax expense	(7)	(15)
Changes in Canadian tax rates	42	—
Tax assets previously not recognized	(64)	(11)
Other	11	—
Future income tax expense and other provisions	$ 82	$ 50

For 1998, the effective income tax rate differs from the statutory income tax rate due primarily to the application of capital and non-capital losses carried forward.

Note 6: Commercial property debt – recourse to properties

The company's long-term commercial property debt outstanding and principal repayments at December 31, 2000 are as follows:

(Millions)	Weighted Average Interest Rate at Dec. 31, 2000	2001	2002	2003	2004	2005	2006 & Beyond	2000 Total	1999 Total
Commercial property debt	7.3%	$ 148	$ 305	$ 858	$ 115	$ 212	$ 3,447	$ 5,085	$ 4,460

Commercial property debt includes $1,153 million (1999 – $869 million) repayable in Canadian dollars of C$1,718 million (1999 – C$1,295 million). The weighted average interest rate at December 31, 1999 was 7.3%.

Note 7: Residential construction financing and advances

Residential construction financing and advances totaled $568 million (1999 – $765 million). Residential construction financing relates to construction and development loans which are repaid out of the proceeds from the sale of building lots, single-family and condominium homes. As new homes are constructed, further loan facilities are arranged on a rolling basis. The weighted average interest rate on these facilities as at December 31, 2000 was 8.9% (1999 – 8.6%). Of these facilities, $228 million are due by the end of 2001, and the remaining balances are due prior to 2004.

Residential construction financing and advances consist of the following:

(Millions)	2000	1999
Residential construction financing	$ 403	$ 448
Advances		
Revolving five-year term facilities	151	151
Other	14	166
Total	$ 568	$ 765

The revolving five-year term facilities are borrowed from a shareholder and bear interest at the prime rate. $150 million of this balance is convertible at either party's option into a fixed-rate financing at 9.75% repayable in 2015. Interest expense includes $5 million (1999 – $9 million) of interest relating to shareholder advances.

Note 8: Interests of others in properties

Interests of others in properties contains the amounts of equity related to other shareholders' interests in properties which are consolidated in the company's accounts. The balances are as follows:

(Millions)	Minority Ownership	2000	1999
Participation by other shareholders in properties through:			
Common shares of Gentra Inc.	13%	$ 49	$ 221
Limited partnership units of Brookfield Financial Properties	10%	110	94
Common shares of Carma Corporation	—	—	11
Total		$ 159	$ 326

During the year, Carma Corporation was privatized and the company's interest in Gentra Inc. was increased to 87%. As a result, the participation by others in the company's consolidated properties was reduced from $326 million to $159 million.

Note 9: Preferred shares – subsidiaries and corporate

Subsidiaries and corporate perpetual preferred shares outstanding total $607 million (1999 – $607 million) as follows:

(a) Subsidiaries of the corporation have issued the following perpetual preferred shares:

(Millions)	2000	1999
Perpetual preferred shares of subsidiaries owned by other shareholders		
Gentra Inc.	$ 256	$ 256
100% owned subsidiaries	105	105
Total subsidiary preferred shares	$ 361	$ 361

(b) The corporation has the following perpetual preferred shares authorized and outstanding:

(Millions, except share information)			2000	1999
Authorized	Outstanding			
6,312,000	6,312,000	Class A redeemable voting preferred shares bearing a cumulative dividend rate of $7^1/_2$%	$ 11	$ 11
6,000,000	2,000,000	Class AA Series E preferred shares bearing a cumulative dividend rate of 70% of bank prime	34	34
Unlimited	3,000,000	Class AAA Series A preferred shares bearing a cumulative dividend rate of 9%	50	50
Unlimited	3,000,000	Class AAA Series B preferred shares bearing a cumulative dividend rate of 9% and exchangeable into common shares of the company on a public offering at the prevailing price of the issue	50	50
Unlimited	6,000,000	Class AAA Series C and D preferred shares bearing a cumulative dividend rate of 8% and exchangeable into common shares of the company on a public offering at the prevailing price of the issue	101	101
Total			$ 246	$ 246

Note 10: Subordinated convertible debentures

The company has the following subordinated convertible debentures outstanding:

Issue Date	Maturity Date	Interest Rate	Common Share Conversion	2000	1999
				(Millions)	(Millions)
June 1998	June 2008	6%	2,622,100	$ 50	$ 50
February 1997	February 2007	6%	—	—	201

(a) June 2008 debentures

These debentures, which are denominated in US dollars, are convertible into common shares at the option of the holder at any time at a conversion price of $19.07 per share. The debentures mature on June 30, 2008 and bear annual interest at 6%. The company has the right, at its option, to pay both interest and principal repayments in common shares of the company issued at market value at the time.

The debentures are not redeemable on or prior to June 26, 2001. After June 26, 2001, the debentures are redeemable at par plus accrued and unpaid interest, provided that the current market price of the common shares on the date on which such notice of redemption is first given is not less than 109% of the conversion price.

On maturity or redemption, the company has the right, at its option, to deliver common shares of the company at 95% of the weighted average daily closing price, in return for the principal amount owing on the debentures.

(b) February 2007 debentures

The company had another series of convertible debentures outstanding at December 31, 1999 which were convertible into 19,997,948 common shares. During 2000, a face amount of $201 million (1999 – $1,200) of the February 2007 debentures were converted into 19,986,702 (1999 – 119) common shares of the company and the remaining balance redeemed for $113,200 in cash. In May 2000, the conditions of the trust indenture governing the February 2007 debentures were met which permitted the company to redeem the February 2007 debentures. The company announced its intention to redeem the issue for $201 million in cash. Subsequent to the announcement of the company's intentions, 19,986,682 shares were issued on conversion of the February 2007 debentures to common shares at a rate of C$15 per common share in accordance with the conversion right associated with the February 2007 debentures. Accordingly, the issue has been fully retired and no obligation remains outstanding of the company with respect to the issue.

Note 11: Common shares

The authorized common share capital consists of an unlimited number of common voting shares.

The issued and outstanding common share capital consists of:

(Millions, except share information)		2000	1999
158,746,008	Common shares (1999 – 132,692,936)	$ 1,404	$ 1,097
	Retained earnings, contributed surplus, and cumulative translation adjustment	383	286
		$ 1,787	$ 1,383

The company has a management share option plan in which options vest proportionately over five years and expire ten years after the grant date. The exercise price is equal to the market price at the time they are granted.

Members of the share option plan can elect to purchase shares at the exercise price or receive cash equal to the difference between the exercise price and the current market price.

The following table sets out the number of common shares which the company may issue under the management share option plan:

			2000	
	Issue Date	Expiry Date	Number of Shares	Weighted Average Exercise Price
Stock option plan	1996	2002	485,000	$ 3.36
	1997	2008	120,700	7.70
	1998	2009	991,000	12.26
	1999	2009	345,500	9.52
	2000	2010	1,494,329	11.17
			3,436,529	$ 10.09

During the years 2000 and 1999, common shares issued and outstanding changed as follows:

	2000	1999
Common shares outstanding, beginning of period	132,692,936	133,071,717
Add shares issued on:		
Conversion of debentures	19,986,702	119
Exercise of warrants	278,003	—
Exercise of options	196,700	10,300
In exchange for shares of:		
– Gentra Inc.	5,314,044	—
– Carma Corporation	1,863,923	—
Deduct shares acquired pursuant to issuer bids	(1,586,300)	(389,200)
Common shares outstanding, end of period	158,746,008	132,692,936

During 2000, the exercise of options issued under the company's management share option plan generated cash proceeds of $0.8 million (1999 – $0.1 million). In 2000, common shares were issued on the privatization of the company's subsidiary, Carma, at a price of $15.94 per share. Upon the acquisition of an additional 33% of Gentra, 5,314,044 shares were issued at a price of $15.97 per share. Warrants to acquire common shares of the company that were exercised during the year generated proceeds of $2.8 million. During 2000, common shares of the company were acquired for cancellation pursuant to the normal course issuer bid at an average price of $12.50 (1999 – $10.46) per share.

As at December 31, 2000, 3,436,529 common shares were reserved for issuance of options under the share option plan at an average exercise price of $10.09 per common share. There were 2,621,997 outstanding warrants as at December 31, 2000 to purchase common shares of the company for $10.07 per share, which expire May 2003.

A limited partner, holding a 5% interest in Brookfield Financial Properties, has the right to exchange its interest for 3,580,600 shares of the company in 2003.

Retained earnings, contributed surplus and cumulative translation adjustment include a foreign currency cumulative translation adjustment of $12 million (1999 – $12 million) and contributed surplus of $97 million (1999 – $104 million).

Note 12: Commercial property and development operations

(a) Commercial property operations

The results of the company's commercial operations are as follows:

(Millions)	2000	1999	1998
Revenue	$ 1,008	$ 930	$ 850
Expenses	397	361	344
Total	$ 611	$ 569	$ 506

(b) Development operations

Development operations' results for the year are as follows:

(Millions)	2000	1999	1998
Revenue	$ 1,047	$ 844	$ 681
Expenses	970	781	627
Total	$ 77	$ 63	$ 54

Note 13: Corporate acquisitions

During 2000, the company launched two tender bids, one for the shares of Gentra Inc., and one for the shares of Carma Corporation. As a result of these transactions, the company's interest in Gentra Inc. increased to 85% on an equity basis and increased to 100% in Carma Corporation. The consideration paid for these increased interests are as follows:

(Millions)	Gentra Inc. September 2000	Carma Corporation September 2000
Consideration paid		
Cash	$ 5	$ 1
Common shares	85	30
Total	$ 90	$ 31

The net effect on the company's consolidated balance sheet was a decrease in other shareholders' interests of $119 million, increase in other assets of $14 million, and a decrease in commercial properties of $12 million.

Note 14: Segmented information

The company and its subsidiaries operate in the United States and Canada within the commercial property business and the residential development business.

The following summary presents segmented financial information for the company's principal areas of business by industry and geographic location:

	United States			Canada			Total		
(Millions)	2000	1999	1998	2000	1999	1998	2000	1999	1998
Commercial property operations									
Rental revenues*	$ 732	$ 686	$ 627	$ 276	$ 244	$ 223	$ 1,008	$ 930	$ 850
Expenses	260	250	236	137	111	108	397	361	344
	472	436	391	139	133	115	611	569	506
Land and housing									
Home and lot sales	878	673	528	169	171	153	1,047	844	681
Expenses	825	628	498	145	153	129	970	781	627
	53	45	30	24	18	24	77	63	54
Other revenues	13	14	16	32	38	46	45	52	62
Operating income	538	495	437	195	189	185	733	684	622
Depreciation and amortization	44	42	31	22	14	18	66	56	49
Income before unallocated costs	494	453	406	173	175	167	667	628	573
Unallocated costs**							497	475	444
Net income							$ 170	$ 153	$ 129
Assets									
Commercial properties	$ 4,484	$ 4,512		$ 1,842	$ 1,385		$ 6,326	$ 5,897	
Development properties	444	266		193	181		637	447	
Residential inventory	540	521		19	41		559	562	
Receivables and other	545	363		348	582		893	945	
Cash and cash equivalents	192	133		17	84		209	217	
	$ 6,205	$ 5,795		$ 2,419	$ 2,273		$ 8,624	$ 8,068	
Commercial property tenant improvements	$ 74	$ 36		$ 23	$ 12		$ 97	$ 48	
Acquisition and disposition of real estate (net)	142	25		87	33		229	58	
Development and redevelopment investments	17	7		30	35		47	42	
Capital investments	4	3		8	7		12	10	

* *During 2000, rental revenues from Merrill Lynch & Company Inc. accounted for 10% (1999 – 11%, 1998 – 12%) of consolidated revenue.*

** *Unallocated costs include interest, administrative and development expenses, other shareholders' interests, non-cash taxes and other provisions.*

OTHER INFORMATION

Note 15: Cashflow from operations differences

Cashflow from operations, as reported, recognizes rental revenue over the term of a lease as it becomes contractually due. Applying the straight-line method of rental revenue recognition on a pro forma basis would increase cashflow from operations for fully diluted common shareholders to $334 million (1999 – $274 million, 1998 – $215 million) from the reported level of $318 million (1999 – $259 million, 1998 – $197 million).

Years ended December 31 (Millions, except per share information)	2000	1999	1998
Cashflow from operations – as reported	$ 318	$ 259	$ 197
Adjustment to reflect straight-line rental revenue	19	18	20
Other shareholders' interests	(3)	(3)	(2)
Cashflow from operations – pro forma	$ 334	$ 274	$ 215
Cashflow from operations per share – Fully diluted – pro forma	$ 1.96	$ 1.63	$ 1.25

Note 16: Differences from United States accounting principles

Canadian generally accepted accounting principles ("Canadian GAAP") differ in some respects from the principles that the company would follow if its consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). The effects of significant accounting differences on the company's balance sheet and statements of income, retained earnings and cashflow are quantified and described in the accompanying notes.

Under Canadian GAAP, companies are permitted to provide supplementary measures of earnings, earnings per share and cashflow per share in the notes to the consolidated financial statements, provided that these measures are not given the same prominence as reported earnings per share. For the purpose of reporting under US GAAP, companies do not disclose supplementary measures of net earnings, earnings per share, cashflow per share and cashflow from operations.

(a) Income statement differences

The incorporation of the significant differences in accounting principles in the company's income statements for the years ended December 31, 2000, 1999 and 1998 under US GAAP would result in net income under US GAAP of $178 million (1999 – $99 million, 1998 – $57 million). The main differences between Canadian GAAP and US GAAP are summarized in the following table:

Years ended December 31 (Millions, except per share information)	2000	1999	1998
Net income as reported under Canadian GAAP	$ 170	$ 153	$ 129
Adjustments:			
(i) Increased commercial property income	19	18	20
(ii) Increased commercial property depreciation	(65)	(65)	(65)
(iii) Decreased (increased) deferred income taxes	63	3	(38)
(iv) Subordinated convertible debenture interest	(9)	(15)	(15)
(v) Stock option expense	(6)	(1)	(1)
(vi) Decreased other shareholders' interests	6	6	27
Net income under US GAAP*	$ 178	$ 99	$ 57
Net income per share			
Basic	$ 1.10	$ 0.59	$ 0.28
Diluted	$ 1.07	$ 0.59	$ 0.28

** There are no extraordinary items or discontinued operations in these results.*

Effective December 31, 2000, the company adopted the US dollar as its reporting currency. Prior to this change, the Canadian dollar had been used as the company's reporting currency. Under Canadian GAAP, the company's financial statements for all periods presented through December 31, 2000 have been translated from Canadian dollars to US dollars using the exchange rate in effect at December 31, 2000. Under US GAAP, the financial statements for the periods prior to the change in reporting currency must be translated to US dollars using the current rate method, which uses specific year end and specific annual average exchange rates as appropriate. The significant differences arising from the application of the current rate method to the periods presented are the effects on net income, comprehensive income, and the balance sheet as described throughout this note.

The significant differences in each category between Canadian GAAP and US GAAP are as follows:

(i) Increased commercial property income

Under Canadian GAAP, rental revenue is recognized over the term of the lease as it becomes due where increases in rent are intended to offset the estimated effects of inflation. Under US GAAP, rental revenue is recognized on a straight-line basis over the term of the lease. The net impact of using the straight-line method on the income of the company would be to increase the commercial property revenue by $19 million (1999 – $18 million, 1998 – $20 million).

(ii) Increased commercial property depreciation

Under Canadian GAAP, commercial properties have been depreciated using the sinking-fund method. Under US GAAP, commercial properties are depreciated on a straight-line basis. In recomputing depreciation on a straight-line basis, the additional depreciation expense would be $65 million (1999 – $65 million, 1998 – $65 million).

(iii) Decreased (increased) deferred income taxes

Under Canadian GAAP, the company adopted the liability method with respect to accounting for income taxes effective January 1, 1999. In 1998, the deferral method of accounting for income taxes was followed. Under US GAAP, income taxes are accounted for using the liability method. For the year ended December 31, 2000, a reduction of deferred income tax expense of $21 million (1999 – $3 million, 1998 – $38 million increase) would be recorded under US GAAP due to the tax effect of the stated differences between Canadian and US GAAP described above.

Under Canadian and US GAAP, the impact of changes in income tax rates to the tax asset or liability account is reflected in the current year's statement of income. Under Canadian GAAP, the impact of the change is reflected when the legislation affecting the tax rate change is substantively enacted whereas the impact under US GAAP is reflected when legislation is enacted. In 2000, legislation implementing a decrease in certain Canadian income tax rates is proposed but not enacted. Accordingly, an additional $42 million tax expense is recorded under Canadian GAAP purposes. It is expected that this legislation will be enacted in 2001.

(iv) Subordinated convertible debenture interest

Under Canadian GAAP, the company's subordinated convertible debentures are recorded as a component of the company's capital base and interest paid thereon recorded as a distribution from retained earnings, as a result of the company having the option of repaying these debentures by delivering its common shares to the holders and meeting interest obligations by issuing common shares. Under US GAAP, $50 million (1999 – $258 million, 1998 – $246 million) of subordinated convertible debentures would be recorded as indebtedness. The corresponding interest charge of $9 million (1999 – $15 million, 1998 – $15 million) is recorded as a charge to income compared with a distribution from retained earnings under Canadian GAAP. There is no effect on basic or fully diluted net income per share.

(v) Stock options expense

Under Canadian GAAP, no compensation expense has been recorded in respect of stock options granted during the year. Under US GAAP, the company has adopted the recommendations of the Statement of Financial Accounting Standards No. 123 ("SFAS 123") which is entitled, "Accounting for Stock-Based Compensation" and which establishes financial accounting and reporting standards for stock-based employee compensation plans.

Under SFAS 123, the company accounts for stock options or similar equity instruments under a fair value methodology. Under this method, options are valued using an acceptable valuation method and the charge on an annual basis is reflected in the income statement. Using the Black-Scholes model of valuation, assuming a 10-year term, 27% volatility (1999 and 1998 – 27%) and an interest rate of 6% (1999 – 6%, 1998 – 5.5%), the cost of stock compensation would be $6 million (1999 – $1 million, 1998 – $1 million). This amount has been recorded as an expense under US GAAP.

(vi) Decreased other shareholders' interests

Under US GAAP, other shareholders' interests are adjusted for the differences from Canadian GAAP. The total adjustment results in other shareholders' interests decreasing by $6 million (1999 – $6 million, 1998 – $27 million), which relate to a recovery of $9 million (1999 – $9 million, 1998 – $14 million) from increased commercial property depreciation and nil (1999 – nil, 1998 – $15 million) from increased deferred taxes, offset by $3 million (1999 – $3 million, 1998 – $2 million) relating to the other shareholders' interests in straight-line rental income.

(b) Comprehensive income

Under US GAAP, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130 "Reporting Comprehensive Income." Comprehensive income, which incorporates net income, includes all changes in equity during the year, and accordingly, the change in the company's cumulative translation adjustment is reflected in the company's calculation of comprehensive income for fiscal 2000, 1999 and 1998:

Years ended December 31 (Millions)	2000	1999	1998
Net income under Canadian GAAP	$ 170	$ 153	$ 129
Foreign currency translation adjustment under Canadian GAAP	—	(10)	(2)
Comprehensive income using Canadian GAAP amounts	$ 170	$ 143	$ 127

Comprehensive income using US GAAP amounts is $134 million (1999 – $175 million, 1998 – loss of $51 million). Differences arise from the application of the current rate method of currency translation under US GAAP to all periods presented pursuant to the adoption of the US dollar as the company's reporting currency, and from other differences between Canadian and US GAAP as described above under "Income statement differences".

(c) Balance sheet differences

There are differences in the treatment of balance sheet items between Canadian GAAP and US GAAP. The incorporation of the significant differences in accounting principles in the company's financial statements as at December 31, 2000 and 1999, would result in the following balance sheet presentation under US GAAP:

As at December 31 (Millions)	2000	1999
Assets		
Commercial properties	$ 6,027	$ 5,699
Development properties	637	453
Residential inventory	559	560
Receivables and other	774	716
Deferred income taxes	343	375
Cash and cash equivalents	209	220
Total assets under US GAAP	$ 8,549	$ 8,023
Liabilities and shareholders' equity		
Commercial property debt	$ 5,085	$ 4,491
Residential construction financing	403	451
Notes and shareholders advances	165	275
	5,653	5,217
Accounts payable	377	269
Interests of others in properties	140	314
Subordinated convertible debentures	50	258
Preferred shares		
Subsidiaries	361	374
Corporate	273	273
Common shares	1,695	1,318
Total liabilities and equity under US GAAP	$ 8,549	$ 8,023

The significant differences in each category between Canadian GAAP and US GAAP are as follows:

– Commercial properties

As at December 31 (Millions)	2000	1999
Commercial properties under Canadian GAAP	$ 6,326	$ 5,897
Additional accumulated depreciation under US GAAP	(299)	(243)
Foreign currency translation adjustment	—	45
Commercial properties under US GAAP	$ 6,027	$ 5,699

There are two principal differences between Canadian GAAP and US GAAP affecting the carrying value of commercial properties. The first difference relates to US GAAP requiring straight-line depreciation to be applied to depreciable assets rather than the sinking-fund method of depreciation. At December 31, 2000, this would result in a cumulative adjustment of $299 million (1999 – $243 million). The second difference relates to the method of accounting for joint ventures and partnerships. Under Canadian GAAP, the accounts of all incorporated and unincorporated joint ventures and partnerships are proportionately consolidated according to the company's ownership interest. Under US GAAP, the equity method of accounting is applied. In circumstances where a joint venture is an operating entity and the significant financial and operating policies are, by contractual arrangement, jointly controlled by all parties having an equity interest in the entity, US regulations do not require adjustment to equity account the joint ventures. The presentation of the company's joint ventures does not require adjustment to the equity method.

Under Canadian GAAP, commercial properties held for investment purposes are carried at the lower of cost and net recoverable amount as disclosed in Note 1(c). Under US GAAP, such assets, on an identifiable unit basis, are required to be reviewed for impairment in accordance with the requirements under Statement of Financial Accounting Standards No. 121, which is entitled, "Accounting for the Impairment of Long-Lived Assets and for Assets to be Disposed Of." There is no material impact as a result of this as at December 31, 2000 and 1999.

– Receivables and other

December 31 (Millions)	2000	1999
Receivables and other under Canadian GAAP	$ 893	$ 945
Straight-line rent receivable	99	80
Foreign currency translation adjustment	—	(9)
Reclassification of deferred income taxes	(218)	(300)
Receivables and other under US GAAP	$ 774	$ 716

The principal differences in the accounting for receivables and other under US GAAP is the inclusion of a straight-line rent receivable of $99 million (1999 – $80 million), and the reclassification of deferred income taxes which are disclosed separately.

– Deferred income taxes

Under US GAAP, the company has a deferred tax asset of $343 million (1999 – $375 million). The offsetting balance created by this adjustment decreases receivables and other by $218 million (1999 – $300 million), cumulative translation adjustment by nil (1999 – $10 million) and increases shareholders' equity by $125 million (1999 – $65 million).

The deferred income tax asset under US GAAP is as follows:

December 31 (Millions)	2000	1999
Tax assets related to net operating and capital losses	$ 725	$ 718
Tax liabilities related to differences in tax and book basis	(158)	(123)
Valuation allowance	(224)	(220)
Deferred income tax asset under US GAAP	$ 343	$ 375

– Common shareholders' equity

December 31 (Millions)	2000	1999
Common shareholders' equity under Canadian GAAP	$ 1,787	$ 1,383
Adjustment to accumulated depreciation under US GAAP	(299)	(243)
Adjustment to deferred income tax asset under US GAAP	125	65
Rental revenue adjustments under US GAAP	99	80
Stock option expense adjustments under US GAAP	(9)	(3)
Other shareholders' interests	19	19
Foreign currency translation adjustments, net	(27)	17
Common shareholders' equity under US GAAP	$ 1,695	$ 1,318

As a result of the above adjustments, components of common shareholders' equity under US GAAP, after the adjustments above, are as follows:

December 31 (Millions)	2000	1999
Common shares	$ 1,496	$ 1,190
Additional paid-in capital, net*	385	287
Cumulative translation adjustment	(121)	(77)
Cumulative adjustments to net income and retained earnings	(65)	(82)
Common shareholders' equity under US GAAP	$ 1,695	$ 1,318

** Net of deficit of $28 million (1999 – $133 million).*

– Joint ventures

The following amounts represent the company's proportionate interest in incorporated and unincorporated joint ventures reflected in the company's balance sheet for US GAAP purposes:

As at December 31 (Millions)	2000	1999
Assets	$ 683	$ 689
Liabilities	315	313
Operating revenues	88	103
Operating expenses	36	38
Net income	29	29
Cashflows from operating activities	36	40
Cashflows from investing activities	(3)	(4)
Cashflows from financing activities	(30)	(1)

(d) Cashflow statement differences

The statement of cashflow prepared under US GAAP differs from Canadian GAAP because US GAAP requires reclassification of interest on convertible debentures from a financing item to an operating item. As a result of the differences in accounting for these items described, the summarized cashflow statement under US GAAP is as follows:

Years ended December 31 (Millions)	2000	1999	1998
Cashflows from (applied to) the following activities			
Operating	$ 406	$ 302	$ 247
Financing	(3)	(24)	202
Investing	(414)	(174)	(536)
Net increase in cash and cash equivalents	$ (11)	$ 104	$ (87)

(e) Recent accounting pronouncements

Beginning January 1, 2001, the company will be adopting FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), and the corresponding amendments under SFAS 137 and SFAS 138. SFAS 133 requires that all derivative financial instruments be recognized in the financial statements and measured at fair value. The company does not use derivatives for speculative purposes. Changes in the fair value of derivative financial instruments are either recognized periodically in income or shareholders' equity (as a component of comprehensive income), depending on whether the derivative is being used to hedge changes in fair value or cashflows.

As of January 1, 2001, the cumulative effect of adopting SFAS 133, as amended by SFAS 138, is not expected to have a material impact on the company's consolidated results of operations, financial position, or cashflows.

Note 17: Contingencies and other

(a) The company and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability which may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the company.

Generally accepted accounting principles require that, where practicable, estimates be made with respect to the fair value of both on and off balance sheet financial instruments. The financial assets of the company are generally short-term floating rate loans receivable of a trade nature. At December 31, 2000, the fair value of loans receivable exceeded their book value by $1 million (1999 – $1 million). The fair value of mortgages and loans payable is determined by references to current market rates for debt with similar terms and risks. As at December 31, 2000, the fair value of mortgages and loans payable exceeded the book value of these obligations by $27 million (1999 – below book value by $194 million).

Included in commercial property debt is $197 million (1999 – $260 million) of mortgage financing held by related parties.

The company may be required in 2003 to purchase certain assets from a third party at a fixed price of $70 million.

The company has an agreement in place to sell a 49% interest in two of its commercial properties. This transaction is expected to close in 2001.

(b) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. Comparative figures have been restated to US dollars as discussed in Note 1(g).

SELECTED FINANCIAL INFORMATION

December 31 (Millions, except per share and land and housing information)

	2000	1999	1998	1997	1996
Financial results					
Cashflow from operations	$ 318	$ 259	$ 197	$ 110	$ 26
Net income	$ 170	$ 153	$ 129	$ 73	$ 7
Total assets	$ 8,624	$ 8,068	$ 7,717	$ 6,311	$ 4,556
Capital base	$ 2,603	$ 2,567	$ 2,422	$ 2,202	$ 671
Per fully diluted common share					
Common shares outstanding (Millions)	158.7	132.7	133.1	132.8	74.4
Fully diluted shares outstanding (Millions)	167.4	160.3	160.4	155.7	95.1
Cashflow from operations	$ 1.86	$ 1.51	$ 1.13	$ 0.78	$ 0.03
Net income	$ 0.94	$ 0.85	$ 0.70	$ 0.46	$ (0.26)
Dividends paid	$ 0.25	$ 0.21	$ 0.16	$ 0.07	$ —
Shareholders' equity – book value	$ 11.34	$ 10.49	$ 9.97	$ 9.42	$ 5.47
Common share price at year end	$ 17.63	$ 10.50	$ 12.09	$ 16.68	$ 8.64
Operating data					
Commercial properties					
Number of properties	60	46	50	55	40
Rentable area (sq. ft.)	46	33	34	32	26
Effective interest (sq. ft.)	41	29	30	26	16
Average occupancy (%)	97	96	96	96	95
Property management					
Area managed (sq. ft.)	120	119	109	95	65
Land and housing					
Building lots					
– Entitled	38,656	36,156	36,416	17,698	18,915
– Unentitled	21,563	26,525	23,609	32,062	32,477
Total	60,219	62,681	60,025	49,760	51,392
Lot sales (units)	6,187	5,563	4,461	4,658	3,537
Home sales (units)	2,660	2,609	2,529	1,955	1,628

DIRECTORS

Gordon E. Arnell
Cobh, County Cork, Ireland
Chairman
Brookfield Properties Corporation

Jean A. Beliveau, O.C.(2)
Montreal, Quebec
President
Jean Beliveau Inc.

William T. Cahill(1)
Ridgefield, Connecticut
Managing Director
Citicorp Real Estate, Inc.

Ian G. Cockwell
Oakville, Ontario
Chairman and Chief Executive Officer
Brookfield Residential

Jack L. Cockwell(2)
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Brascan Corporation

Robert A. Ferchat(2)
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Corporate Director

J. Bruce Flatt
Toronto, Ontario
President and Chief
Executive Officer
Brookfield Properties Corporation

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Multi-Vet Ltd.

Robert J. Harding, FCA(2)(3)
Toronto, Ontario
Chairman
Brascan Corporation

David A. Lewis(1)(2)
Toronto, Ontario
Corporate Director

John R. McCaig, O.C.(3)
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Trimac Corporation

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Allan S. Olson(1)(3)
Edmonton, Alberta
President
First Industries Corporation

Sam Pollock, O.C.(1)(3)
Toronto, Ontario
Vice Chairman
Brookfield Properties Corporation

John E. Zuccotti
New York, New York
Deputy Chairman of the Corporation
and Chairman of Brookfield Commercial

Membership of Board Committees:
(1) Audit Committee
(2) Human Resources Committee
(3) Governance and Nominating Committee

CORPORATE GOVERNANCE

A full statement of Brookfield's corporate governance practices, including the mandate of the board and its committees, can be found in the Management Proxy Circular dated February 22, 2001.

OFFICERS

Corporate

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President and Chief Executive Officer

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Senior Vice President and
Chief Financial Officer

Kieran F. Mulroy
Senior Vice President and
General Counsel

John D. Kennedy
Vice President, Finance

P. Keith Hyde
Vice President, Taxation

Katherine C. Vyse
Vice President, Investor Relations and
Communications

Lenis W. Quan
Vice President and Controller

Linda T. Northwood
Corporate Secretary and
Director, Investor Relations

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President, Brookfield Ventures

Roman J. Kruczaj
Managing Director, e-ffinity

John M. Oakes
President, Residential Services Inc.

David H. Glass
President, Brookfield LePage
Johnson Controls

Gordon I. Hicks
Executive Vice President,
Brookfield LePage Johnson Controls

Property Operations

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Deputy Chairman of the Corporation and
Chairman, Brookfield Commercial

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President and Chief Executive Officer

Edward F. Beisner
Senior Vice President and Controller

G. Mark Brown
Senior Vice President and
Chief Financial Officer

Dennis H. Friedrich
Senior Vice President,
Strategic Development

Lawrence F. Graham
Senior Vice President, Development

Jeremiah B. Larkin
Senior Vice President, Leasing

Kathleen G. Kane
Senior Vice President and
General Counsel

Harold R. Brandt
President, Midwest Region US

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President and Chief Executive Officer

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Senior Vice President, Western Canada

Philip Mostowich
Senior Vice President, Eastern Canada

Mauro Pambianchi
Senior Vice President, Retail

Karen H. Weaver
Senior Vice President, Operations Services
and Chief Financial Officer

Seamus Foran
Senior Vice President, Project Finance
and Investments

Michelle Di Emanuele
Vice President, Human Resources

T. Nga Trinh
Vice President, Financial Management

Gordon E. Widdes
Vice President, Information Systems

Michael Zessner
Vice President and General Counsel

Residential Operations

Ian G. Cockwell
Chairman and Chief Executive Officer

Paul G. Kerrigan
Senior Vice President and
Chief Financial Officer

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President, San Francisco Bay Area

Jeffrey J. Prostor
President, Southland Area

Stephen P. Doyle
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Senior Vice President, Finance

East Coast Region

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Albert C. Piazza
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Mountain Region

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Senior Vice President

Douglas W. Kelly
Senior Vice President, Edmonton

Karen Leeds
Senior Vice President and
Chief Financial Officer

John Olson
Senior Vice President, Housing

Thomas P. Morton
Vice President, Colorado

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Shareholder Information – www.brookfieldproperties.com

Brookfield welcomes inquiries from shareholders, analysts, media representatives and other interested parties. Questions relating to investor relations or media inquiries can be directed to Katherine Vyse, Vice President, Investor Relations and Communications (416) 369-2300 or via e-mail at kvyse@brookfieldproperties.com. Inquiries regarding financial results should be directed to Steven Douglas, Senior Vice President and Chief Financial Officer at (416) 369-2300 or via e-mail at sdouglas@brookfieldproperties.com.

Shareholder questions relating to dividends, address changes and share certificates should be directed to the company's Transfer Agent.

2000 Annual Meeting

The Annual Meeting of Shareholders will be held at The Exchange Tower, TSE Conference Centre, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, at 11:30 a.m. on April 23, 2001.

245 PARK AVENUE, NEW YORK
ONE LIBERTY PLAZA, NEW YORK
ONE WORLD FINANCIAL CENTER, NEW YORK
FOUR WORLD FINANCIAL CENTER, NEW YORK
BCE PLACE, TORONTO
EXCHANGE TOWER, TORONTO
HSBC BUILDING, TORONTO
320 BAY STREET, TORONTO
75 STATE STREET, BOSTON
53 STATE STREET, BOSTON
REPUBLIC PLAZA, DENVER
WORLD TRADE CENTER, DENVER
BANKERS HALL, CALGARY
PETRO-CANADA CENTRE, CALGARY
FIFTH AVENUE PLACE, CALGARY
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